

HERKIMER COUNTY INDUSTRIAL
DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT
OF THE COUNTY OF HERKIMER, NEW YORK

FINANCIAL STATEMENTS
December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Herkimer County Industrial Development Agency

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Herkimer County Industrial Development Agency (the "Agency"), a discretely presented component unit of Herkimer County, New York as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Herkimer County Industrial Development Agency, as of December 31, 2025, and the respective changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Herkimer County Industrial Development Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Herkimer County Industrial Development Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Herkimer County Industrial Development Agency's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Herkimer County Industrial Development Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control – related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-10, the Schedule of Changes in the Agency's Total OPEB Liability and Related Ratios on page 44, the Schedule of the Agency's Proportionate Share of the Net Pension Asset (Liability) – NYSLRS Pension Plan on page 45, and the Schedule of the Agency's Contributions – NYSLRS Pension Plan on page 46 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Herkimer County Industrial Development Agency's basic financial statements. The accompanying supplementary schedules of the Combining Schedule of Net Position on page 42, and the Combining Schedule of Revenues, Expenses, and Changes in Net Position on Page 43 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules on pages 42-43 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2026, on our consideration of the Herkimer County Industrial Development Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Herkimer County Industrial Development Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Herkimer County Industrial Development Agency's internal control over financial reporting and compliance.

Bowen & Company CPAs, PLLC

Watertown, New York
February 25, 2026

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NY

MANAGEMENT’S DISCUSSION AND ANALYSIS

December 31, 2025

The following is a discussion and analysis of Herkimer County Industrial Development Agency for the fiscal year ended December 31, 2025. This section is a summary of the Agency’s financial activities based on currently known facts, decisions, or conditions. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented in conjunction with the financial statements, which immediately follow this section. Responsibility for completeness and fairness of the information contained rests with the Agency.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency’s financial statements, which are composed of the basic financial statements, the notes to the financial statements and other supplemental information as described below. The financial statements of the Agency report information about the Agency using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. Responsibility for the completeness and fairness of the information contained rests with the Agency’s management.

This section also includes discussion and analysis of the Agency’s blended component unit.

The Herkimer Local Development Corporation (HLDC) was created to promote community and economic development and to create jobs for the citizens of Herkimer County, New York. The Organization was formed on January 24, 2024. HLDC issues separate audited financial statements which may be obtained from the Agency.

BASIC FINANCIAL STATEMENTS

The statement of net position presents information on all the Agency’s assets, deferred outflows of resources, deferred inflows of resources, and liabilities. Net position, the difference between the Agency’s assets, deferred outflows of resources, deferred inflows of resources, and liabilities, is one way to measure the Agency’s health or *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without corresponding increases to liabilities, will also result in increased net position, which indicates an improved financial position.

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NY

MANAGEMENT’S DISCUSSION AND ANALYSIS

December 31, 2025

BASIC FINANCIAL STATEMENTS – Continued

The statement of revenues, expenses, and changes in net position presents information showing how the Agency’s net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The statement of cash flows provides information on the major sources and uses of cash during the year. The cash flow statement portrays net cash provided or used from operating, investing, capital, and non-capital financing activities.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

FINANCIAL ANALYSIS

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents Supplementary Schedules on pages 42-46, which are presented for the purposes of additional analysis only.

Condensed Statement of Net Position

The following table shows all of the assets, liabilities, deferred outflows, deferred inflows, and net position of the Agency and is presented on the accrual basis. Total net position increased approximately \$1,000 from the prior year. See the condensed financial analysis section for some of the details relating to this income.

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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MANAGEMENT’S DISCUSSION AND ANALYSIS

December 31, 2025

FINANCIAL ANALYSIS – Continued

Condensed Statement of Net Position – Continued

	2025	2024
Current Asset	\$ 370,259	\$ 1,332,710
Capital and Other Assets	7,835,355	6,772,185
TOTAL ASSETS	<u>\$ 8,205,614</u>	<u>\$ 8,104,895</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 450,030</u>	<u>\$ 477,461</u>
Current Liabilities	\$ 261,549	\$ 163,220
Long-Term Liabilities	3,200,144	3,181,059
TOTAL LIABILITIES	<u>\$ 3,461,693</u>	<u>\$ 3,344,279</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ 599,861</u>	<u>\$ 645,023</u>
TOTAL NET POSITION	<u>\$ 4,594,090</u>	<u>\$ 4,593,054</u>

Condensed Statement of Revenues, Expenses, and Changes in Net Position

	2025	2024
Operating Revenues		
Operating Subsidy - Herkimer County	\$ 200,000	\$ 200,000
Other Operating Revenues	280,452	1,467,556
Total Operating Revenue	<u>480,452</u>	<u>1,667,556</u>
Operating Expenses		
General and Administrative	576,143	628,388
Depreciation and Amortization	119,103	100,018
Professional Fees	143,062	224,031
Other Expenses	405,922	245,319
Total Operating Expenses	<u>1,244,230</u>	<u>1,197,756</u>
Net Income (Loss) from Operations	<u>(763,778)</u>	<u>469,800</u>
Non-Operating Revenues (Expenses)	<u>764,814</u>	<u>(422,034)</u>
CHANGE IN NET POSITION	1,036	47,766
NET POSITION, BEGINNING OF YEAR	<u>4,593,054</u>	<u>4,545,288</u>
NET POSITION, END OF YEAR	<u>\$ 4,594,090</u>	<u>\$ 4,593,054</u>

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NY

MANAGEMENT’S DISCUSSION AND ANALYSIS

December 31, 2025

FINANCIAL ANALYSIS – Continued

Condensed Statement of Revenues, Expenses, and Changes in Net Position – Continued

Refer to the Statement of Revenues, Expenses, and Changes in Net Position in the financial statements for more detail.

The Agency’s main revenue are from fees generated through administrative and agency fees and subsidies from the County. Interest earned on the loan programs during this fiscal period was \$83. Other revenue is generated through grants for the various projects the Agency is administering. Grant income consisted of government grants passed through to the Agency.

Operating expenses typically relate to the various projects the Agency is developing (business park).

Capital Assets

The Agency owns property located in the Towns of Frankfort, Schuyler, and Manheim. All of these sites are intended to be sold or leased to new or existing businesses. The impetus is to develop business growth and job opportunities for residents of Herkimer County.

The following schedule shows the investment in these properties:

	Frankfort	Schuyler	Manheim	All Others
Land, Buildings, and Infrastructure	\$ 32,000	\$ 5,773,455	\$ 622,426	\$ 1,755,803
Less: Accumulated Depreciation	-	(357,133)	(43,673)	(48,558)
Net Book Value	<u>\$ 32,000</u>	<u>\$ 5,416,322</u>	<u>\$ 578,753</u>	<u>\$ 1,707,245</u>

The Agency’s capital assets, net of accumulated depreciation and amortization as of December 31, 2025, amounts to \$7,783,286. The capital assets includes land, buildings, improvements, other infrastructure, and intangible lease assets.

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY

A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NY

MANAGEMENT’S DISCUSSION AND ANALYSIS

December 31, 2025

FINANCIAL ANALYSIS – Continued

Capital Assets – Continued

	2025	2024
Land and Improvements	\$ 2,206,566	\$ 2,226,230
Work In Progress	488,467	494,767
Building and Infrastructure	5,488,651	4,235,059
Intangible Lease Assets	102,380	107,151
Total Capital Assets	<u>8,286,064</u>	<u>7,063,207</u>
Less: Accumulated Depreciation and Amortization	<u>(502,778)</u>	<u>(397,372)</u>
Total Capital Assets, Net	<u>\$ 7,783,286</u>	<u>\$ 6,665,835</u>

Major capital asset events during the current year included site improvements for the Schuyler Business Park II.

Long-Term Debt

The Agency has long-term debt associated with the properties detailed in the above schedule of investment properties. Details of these debt instruments are more fully described in the footnotes to the financial statements.

ECONOMIC FACTORS AND FUTURE OUTLOOK

The Herkimer County Industrial Development Agency, on behalf of Herkimer County, continues to pursue business opportunities for the residents of Herkimer County. The Agency has taken a proactive role in this regard by being the lead agency for Herkimer County in property development to entice businesses to locate and grow in Herkimer County. While the success of these endeavors is also affected by economic conditions outside the control of this Agency, it will still continue to optimize Herkimer County's opportunities for economic expansion.

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY

A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NY

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2025

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Agency's finances. If you have questions about this report or need additional information, contact the Agency's board at the Herkimer County Industrial Development Agency, 420 East German St., Suite 101A, Herkimer, New York 13350. You may also visit their website at www.herkimercountyida.org.

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY

A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NY

AUDITED BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

December 31, 2025

ASSETS	
CURRENT ASSETS	
Cash	\$ 194,746
Prepaid Expense	17,927
Interest Receivable	260
Lease Receivable	21,298
Grants Receivable	136,028
Total Current Assets	<u>370,259</u>
RESTRICTED ASSETS	
Cash	680
Total Restricted Assets	<u>680</u>
NONCURRENT ASSETS	
Capital Assets, Net	7,783,286
Long-Term Lease Receivable	51,389
Total Noncurrent Assets	<u>7,834,675</u>
TOTAL ASSETS	<u><u>\$ 8,205,614</u></u>
DEFERRED OUTFLOWS OF RESOURCES	
Other Post Employment Benefits	\$ 303,667
Pensions	146,363
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 450,030</u></u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	\$ 113
Current Portion of Operating Lease Liability	12,037
Due to Herkimer County	249,399
Total Current Liabilities	<u>261,549</u>
NONCURRENT LIABILITIES	
Compensated Absences Payable	21,231
Postemployment Benefits Payable Other Than Pension	1,258,186
Net Pension Liability - Proportionate Share	169,809
Long-Term Operating Lease Liability	33,888
Long-Term Debt	1,717,030
Total Noncurrent Liabilities	<u>3,200,144</u>
TOTAL LIABILITIES	<u><u>\$ 3,461,693</u></u>
DEFERRED INFLOWS OF RESOURCES	
Other Post Employment Benefits	\$ 524,242
Pensions	5,936
Leases	69,683
TOTAL DEFERRED INFLOWS OF RESOURCES	<u><u>\$ 599,861</u></u>
NET POSITION	
Net Investment in Capital Assets	\$ 6,020,331
Restricted	680
Unrestricted	<u>(1,426,921)</u>
TOTAL NET POSITION	<u><u>\$ 4,594,090</u></u>

See notes to audited basic financial statements.

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY

A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended December 31, 2025

REVENUES

OPERATING REVENUES

Operating Subsidy - Herkimer County	\$ 200,000
Interest Earned on Loans Receivable	83
Rental Income	21,441
Administrative and Agency Fees	258,928
Total Operating Revenues	<u>480,452</u>

EXPENSES

OPERATING EXPENSES

Salaries and Payroll Taxes	352,187
Pension	55,817
Health Insurance and Other Fringe Benefits	89,437
Other Postemployment Benefit	56,382
Insurance	12,555
Professional Fees	143,062
Office and Administrative	22,320
Travel	52,298
Depreciation	104,882
Amortization	14,221
Business Park Marketing	12,475
Business Park Improvements and Maintenance	222,236
Miscellaneous	106,358
Total Operating Expenses	<u>1,244,230</u>
Net Operating Loss	<u>(763,778)</u>

NON-OPERATING REVENUES AND EXPENSES

Grant Income	343,555
Interest Income	31,962
Loss on Disposal of Asset	(156,003)
Interest Expense	(1,521)
Grants Expense	(611,874)
Grants Received for Business Park Improvements	1,158,695
Total Non-Operating Expenses	<u>764,814</u>

CHANGE IN NET POSITION	1,036
NET POSITION, BEGINNING OF YEAR	<u>4,593,054</u>
NET POSITION, END OF YEAR	<u>\$ 4,594,090</u>

See notes to audited basic financial statements.

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY

A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NY

STATEMENT OF CASH FLOWS

Year Ended December 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Administrative and Agency Fees	\$ 256,906
Cash Received from Operating Subsidy - Herkimer County	200,000
Cash Received from Interest Earned on Loans Receivable	83
Cash Received from Rental Income	24,000
Cash Payments for Salaries and Benefits	(520,863)
Cash Payments for Professional Fees	(143,062)
Cash Payments for Business Park Expenditures	(234,711)
Revolving Loans Collected	32,985
Cash Payments for Supplies and Services	(237,653)
Net Cash Used In Operating Activities	<u>(622,315)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Nonoperating Grants Received	367,618
Nonoperating Grants Expended	(611,874)
PILOT Payments for Other Governments	269,946
PILOT Payments to Other Governments	(269,946)
Net Cash Used In Noncapital Financing Activities	<u>(244,256)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of Site Improvements	(1,452,224)
Sale of Site Improvements	59,667
Capital Grants	1,158,695
Advances From County	129,075
Net Cash Used In Capital and Related Financing Activities	<u>(104,787)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Received	<u>29,886</u>
Net Cash Provided By Investing Activities	<u>29,886</u>

Net Decrease in Cash (941,472)

Cash, Beginning of Year 1,136,898

Cash, End of Year \$ 195,426**RECONCILIATION TO THE STATEMENT OF NET POSITION**

Cash	\$ 194,746
Restricted Cash	680
Total Cash	<u>\$ 195,426</u>

See notes to audited basic financial statements.

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY

A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NY

STATEMENT OF CASH FLOWS - CONTINUED

Year Ended December 31, 2025

**RECONCILIATION OF CHANGE IN NET OPERATING LOSS TO
NET CASH USED IN OPERATING ACTIVITIES**

Net Operating Loss	\$ (763,778)
Adjustments to Reconcile Change in Net Operating Loss to Net Cash Used In Operating Activities:	
Depreciation Expense	104,882
Amortization Expense	14,221
(Increase) Decrease in:	
Loans Receivable	32,985
Prepaid Expenses	(2,265)
Interest Receivable	73
Lease Receivable	20,404
Deferred Outflow - OPEB	59,709
Deferred Outflow - Pension	(32,278)
Increase (Decrease) in:	
Accounts Payable	(28,169)
Compensated Absences Payable	21,231
Unearned Revenue	(2,022)
Operating Lease Liability	(12,037)
Net Pension Liability - ERS	75,978
Postemployment Benefits Payable Other Than Pension	(66,087)
Deferred Inflow - Leases	(21,441)
Deferred Inflow - Pension	(499,568)
Deferred Inflow - OPEB	475,847
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (622,315)</u>

See notes to audited basic financial statements.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Description

The Herkimer County Industrial Development Agency (“the Agency”) was created by a resolution passed by the County of Herkimer, New York (“the County”) Legislature on October 5, 1970 under the provisions of Chapter 410 of the 1970 Laws of New York State for the purpose of encouraging economic growth in the County of Herkimer.

Reporting Entity

The Agency was formed to promote and develop the economic growth of the County and to assist in attracting industry to the County through bond and sale/leaseback financing programs and other activities. The reporting entity of the Agency is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB 39, *Component Units*, GASB 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB No. 14 and No. 39*, GASB Statement 80 - *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*, GASB 84, *Fiduciary Activities*, and GASB 97, *Certain Component Unit Criteria*, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—An Amendment of GASB Statements No. 14 And No. 84, and a Supersession of GASB 32. The financial reporting entity consists of the primary government, which is the Herkimer County Industrial Development Agency, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Blended Component Units

The Herkimer Local Development Corporation (“the HLDC”) is a component unit of the Agency. The HLDC issues separate audited financial statements. Copies of reports may be obtained from the Agency.

The HLDC was created to develop and cultivate a strong economic environment, which supports businesses and nurtures growth and new investment in the County. The HLDC was formed January 24, 2024. The financial activity of the HLDC is combined with the financial activity of the Agency since their respective Boards are substantially the same, and due to the nature of their relationship.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus, Basis of Accounting, and Financial Statements Presentation

The Agency’s financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Agency’s financial statements are prepared in accordance with generally accepted accounting principles (“GAAP”). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements. In accordance with GASB Statement No. 62, the Agency’s proprietary funds follow all FASB statements issued prior to November 30, 1989, until subsequently amended, superseded or rescinded. The Agency also applies all FASB statements issued after November 30, 1989, that are developed for business enterprises, unless those statements conflict with or contradict a GASB statement.

The Agency’s basic financial statements are presented in conformance with the provisions of GASB Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments”.

GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus, Basis of Accounting, and Financial Statements Presentation – Continued

These classifications are defined as follows:

Net Investment in Capital Assets - consists of net capital assets (cost less accumulated depreciation and amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvements of those assets.

Restricted Net Position - reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the Agency.

Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, the Agency considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Agency reported no cash equivalents for the year ended December 31, 2025.

Statement of Cash Flows

There were no noncash investing and financing activities for the year ended December 31, 2025.

Grants Receivable

Grants receivable represent amounts that have been billed under grant agreements but not collected as of the date of the financial statements. Grants receivable are stated at the amount management expects to be collected from the outstanding balance. Based on management's assessment of the credit history with grantors having outstanding balances and current relationships with them, the Agency has concluded that credit losses on balances outstanding at year-end will be immaterial.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Capital Assets and Intangible Lease Assets

Capital assets are reported at actual cost or estimated historical cost. Donated assets are reported at estimated fair market value at the time received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital assets accounts), depreciation methods, and estimated useful lives of capital assets are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Furniture & Equipment	\$1,000	Straight-line	5-10
Building	\$1,000	Straight-line	40

Intangible lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. A capitalization threshold of \$1,000 is used for lease acquisitions that are prepaid and have no corresponding lease liability. Intangible lease assets are amortized over the lease term (3-5 years) consistent with the decrease in the related lease liability or using the straight-line method if there is no corresponding lease liability.

Compensated Absences

Employees of the Agency are entitled to paid vacation, sick days and personal days depending on their job classifications, length of service and other factors. Compensated absences consists of unpaid accumulated vacation time. Vacation eligibility and accumulation is specified in individual employee contracts. Employees are compensated for unused accumulated vacation leave through paid time off or cash payment upon retirement, termination, or death.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Revenues and Expenses

Revenues and expenses are distinguished between operating and non-operating items. Operating revenues generally result from providing services in connection with the Agency’s principal ongoing operations. The principal operating revenues are fees for administering bond issuances and PILOTS. Operating expenses include the costs associated with the loan services, administrative expenses, and depreciation and amortization on capital assets. Expenses that are for the development of economic activities are included in program expenses under operating expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Agency’s changes of assumptions, Agency contributions to the pension system subsequent to the measurement date, and other inputs to the New York State Employees’ pension systems are included in this category. The Agency’s changes of assumptions relating to other post employment benefits are also included in deferred outflows.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. Pensions, leases and other postemployment benefits (“OPEB”) reported in the Statement of Net Position are included in this category. This represents the effect of the net changes of assumptions or other inputs.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Leases

Lessee

The Agency leases office space and a copier machine. The Agency determines if an arrangement is a lease at inception. Operating leases are included as a right of use (ROU) asset in capital assets – net, current portion of operating lease liability, and long-term operating lease liability on the statement of net position.

ROU assets represent the Agency’s right to use an underlying asset for the lease term and lease liabilities represent the Agency’s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The ROU asset also includes any lease payments made and excludes lease incentives. The Agency’s lease terms may include options to extend or terminate the lease when it is reasonably certain that the Agency will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Lessor

At the commencement of a lease, the Agency initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgements include how the Agency determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The Agency recognizes as lease receivable and a deferred inflow of resources related to leases in the financial statements.

The Agency monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability or receivable.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Date of Management’s Review

Management has evaluated subsequent events and transactions that occurred between December 31, 2025 through February 25, 2026, which is date the financial statements were available to be issued, and has determined that there are no additional adjustments and/or disclosures necessary.

NOTE 2 – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS

Custodial credit risk is the risk that in the event of a bank failure, the Agency’s deposits may not be returned to it. The Agency’s investments policies are included in their *Deposit and Investment of Agency Funds Policy*. The Agency’s monies must be deposited in banks or trust companies located within the State or obligations of the U.S. Treasury and U.S. Agencies. Collateral is required for demand and time deposits and certificates of deposit not covered by insurance.

Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities. The Agency’s aggregate bank balances were fully covered by depository insurance at year-end.

The Agency does not typically purchase investments and is not exposed to any material interest rate risk. The Agency does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

NOTE 3 – RESTRICTED ASSETS

Restricted cash, which is invested in an interest-bearing account, consisted of the following at December 31, 2025:

PILOT Program	<u>\$</u> <u>680</u>
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Payment in lieu of Taxes (PILOT) Program

The Agency, as a pass-through party for various PILOT agreements, received PILOT payments through year-end that are due to other governments. As of December 31, 2025, the cash balance of the PILOT monies received was \$680.

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 4 – CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS

In accordance with the provisions of GASB Statement No 87, *Leases*, the Agency has recognized an intangible lease asset for agreements whereby the Agency obtains the right to present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset’s use for a period of one year or greater. The Agency has entered into such lease agreements for office space.

Capital asset balances and activity for the year ended December 31, 2025 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Non-Depreciable Capital Assets:				
Land and Improvements	\$ 2,226,230	\$ -	\$ (19,664)	\$ 2,206,566
Work in Progress	494,767	-	(6,300)	488,467
Total	<u>2,720,997</u>	<u>-</u>	<u>(25,964)</u>	<u>2,695,033</u>
Other Capital Assets:				
Building and Infrastructure	4,235,059	1,452,224	(198,632)	5,488,651
Intangible Lease Assets	107,151	-	(4,771)	102,380
Total	<u>4,342,210</u>	<u>1,452,224</u>	<u>(203,403)</u>	<u>5,591,031</u>
Less:				
Accumulated Depreciation	(353,408)	(104,882)	8,926	(449,364)
Accumulated Amortization	(43,964)	(14,221)	4,771	(53,414)
Total Depreciation and Amortization	<u>(397,372)</u>	<u>(119,103)</u>	<u>13,697</u>	<u>(502,778)</u>
Total Other Capital Assets, Net	<u>3,944,838</u>	<u>1,333,121</u>	<u>(189,706)</u>	<u>5,088,253</u>
Capital Assets, Net	<u>\$ 6,665,835</u>	<u>\$ 1,333,121</u>	<u>\$ (215,670)</u>	<u>\$ 7,783,286</u>

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 5 – LONG-TERM DEBT

The following notes payable were in effect at December 31, 2025:

Note payable, dated April 14, 2021, from Herkimer County, at 0% interest. Repayment of this note will occur as the Agency receives income from the sale of the properties. \$ 245,000

Note payable, dated January 2, 2020, from Herkimer County, at 0% interest. Repayment of this note will occur as the Agency receives income from the sale of the properties. The outstanding principal will be due on January 2, 2030. 261,530

Note payable, dated May 24, 2023, from Herkimer County, at 0% interest. Repayment of this note will occur as the Agency receives income from the sale of the properties. 1,210,500

Total Long-Term Debt \$1,717,030

The future principal and interest payments on the notes payable as of December 31, 2025 are summarized as follows:

Year Ending December 31	Principal	Interest	Total
2030	\$ 261,530	\$ -	\$ 261,530
Thereafter	1,455,500	-	1,455,500
	<u>\$ 1,717,030</u>	<u>\$ -</u>	<u>\$ 1,717,030</u>

In recent years, the Agency has received funds from Herkimer County that were used for the development of business parks. These notes are expected to be repaid to Herkimer County as the Agency sells these properties. These notes presently bear no interest. The balance owed to Herkimer County at December 31, 2025 was \$1,717,030.

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 5 – LONG-TERM DEBT – Continued

Long-term liability balances and activity are as follows:

	January 1, 2025	Additions	Reductions	December 31, 2025
Long-Term Debt	\$ 1,717,030	\$ -	\$ -	\$ 1,717,030
Compensated Absences Payable	-	21,231	-	21,231
Net Pension Liability - Proportionate Share	93,831	75,978	-	169,809
Other Postemployment Benefits Liability	1,324,273	-	66,087	1,258,186
	<u>\$ 3,135,134</u>	<u>\$ 97,209</u>	<u>\$ 66,087</u>	<u>\$ 3,166,256</u>

See Note 11 for lease liability.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Federal and State Grant Programs

The Agency participates in Federal and State grant programs. These programs are audited in accordance with the provisions of applicable Federal and State requirements. No cost disallowances are expected as a result of these audits, however, these programs are subject to further examination by the grantors. Expenditures, which may be disallowed by the granting agencies, cannot be determined at this time. The Agency expects such amounts, if any, to be immaterial.

As of December 31, 2025, in the opinion of the Agency management, there were no additional outstanding matters that would have a significant effect on the financial position of the funds of the Agency.

Legal Liabilities

The Agency is subject to various claims and legal actions that arise in the ordinary course of business. In the opinion of management, any potential additional liability in all pending actions and claims, in the aggregate, is not material to the financial statements at December 31, 2025.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 7 – RISK MANAGEMENT

The Agency has the responsibility for making and carrying out decisions that will minimize the adverse effects of accidental losses that involve the Agency’s assets. Accordingly, commercial insurance coverage is obtained to include general liability, property and casualty, and certain other risks. The amounts of settlements during each of the past three fiscal years have not exceeded insurance coverage.

NOTE 8 – PENSION PLAN

Employees’ Retirement System (“ERS”) Plan Description

The Agency participates in the New York State and Local Employees’ Retirement System. This is a cost-sharing, multiple-employer retirement system. The System provides retirement benefits, as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the “Fund”), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System is included in the State’s financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

ERS Benefits Provided

Benefits

The System provides retirement benefits as well as death and disability benefits.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 8 – PENSION PLAN – Continued

ERS Benefits Provided – Continued

Tier 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year's compensation used in the final average salary calculation is limited to no more than 20 percent greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous 2 years.

Tier 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 3, 4 and 5 is 62.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 8 – PENSION PLAN – Continued

ERS Benefits Provided – Continued

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 5 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 3, 4 and 5 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 5 or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the five highest consecutive years of employment. For Tier 6 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous four years.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 8 – PENSION PLAN – Continued

ERS Benefits Provided – Continued

Vested Benefits

All members are vested when they reach 5 years of service credit.

Disability Retirement Benefits

Disability retirement benefits are available to ERS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offset of other benefits depend on a member's tier, years of service, and plan.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all retirees who have attained age 62 and have been retired for five years; (ii) all retirees who have attained age 55 and have been retired for 10 years; (iii) all disability retirees, regard less of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible retiree as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than 1 percent or exceed 3 percent.

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 8 – PENSION PLAN – Continued

Funding Policies

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The Agency paid 100% of the required contributions as billed by ERS for the current year and preceding two years. The Agency chose to prepay the required contributions by December 15, 2025 and received an overall discount of \$423.

The Agency is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

2025	\$ 41,963
2024	30,724
2023	21,535

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2025, the Agency reported the following asset (liability) for its proportionate share of the net pension asset (liability) for the System. The net pension asset (liability) was measured as of March 31, 2025. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The Agency's proportion of the net pension asset (liability) was based on a projection of the Agency's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS System in reports provided to the Agency.

Measurement Date	March 31, 2025
Agency's Proportionate Share of the Net Pension Asset (Liability)	\$ (169,809)
Agency's Portion (%) of the Plan's Total Net Pension Asset (Liability)	0.0009904%
Change in Proportion Since the Prior Measurement Date	0.0003531%

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 8 – PENSION PLAN – Continued

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued

For the year ended December 31, 2025, the Agency recognized pension expense (credit) of (\$1,149) for ERS.

At December 31, 2025, the Agency's reported deferred outflows of resources and deferred inflows of resources related to pension were from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 42,148	\$ 1,988
Changes of Assumptions	7,121	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	13,323	-
Changes in Proportion and Differences Between the Employer Contribution and Proportionate Share of Contributions	41,046	3,948
Agency's Contributions Subsequent to the Measurement Date	<u>42,725</u>	<u>-</u>
Total	<u>\$ 146,363</u>	<u>\$ 5,936</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 8 – PENSION PLAN – Continued

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the years ended as follows:

2026	\$	40,521
2027		53,212
2028		(5,188)
2029		9,157

Actuarial Assumptions

The total pension asset (liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension asset (liability) to the measurement date.

Significant actuarial assumptions used in the valuations were as follows:

Measurement Date	March 31, 2025
Actuarial Valuation Date	April 1, 2024
Interest Rate	5.9%
Salary Scale	4.3%
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience
Inflation Rate	2.9%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021.

For ERS, the actuarial assumptions used in the April 1, 2024 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 8 – PENSION PLAN – Continued

Actuarial Assumptions – Continued

The long-term rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are to produce the long term expected rate of return by weighting the expected future real rates of return by each target asset allocation percentage and by adding expected inflation.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement Date	March 31, 2025
Asset Type	
Domestic Equity	3.54%
International Equity	6.57%
Private Equity	7.25%
Real Estate	4.95%
Opportunistic / Absolute Return Strategies Portfolio	5.25%
Credit	5.40%
Real Assets	5.55%
Fixed Income	2.00%
Cash	0.25%

Discount Rate

The discount rate used to calculate the total pension asset (liability) was 5.90% for ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset (liability).

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
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NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 8 – PENSION PLAN – Continued

Sensitivity of the Proportionate Share of the Net Pension Asset (Liability) to the Discount Rate Assumption

The following presents the Agency’s proportionate share of the net pension asset (liability) calculated using the discount rate of 5.90% for ERS, as well as what the Agency’s proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.90%) or 1-percentage point higher (6.90%) than the current rate:

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$ (491,450)	\$ (169,809)	\$ 98,760

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset (liability) of the employers as of the measurement date, are as follows:

	(In Thousands) ERS
Measurement Date	March 31, 2025
Employer's Total Pension Asset (Liability)	\$ (247,600,239)
Plan Net Position	230,454,512
Employer's Total Pension Asset (Liability)	\$ (17,145,727)
Ratio of Plan Net Position to the Employer's Total Pension Asset (Liability)	93.08%

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS

General Information about the OPEB Plan

Plan Description – The Agency’s defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the Agency. The plan is a single-employer defined benefit OPEB plan administered by the Agency and funded on a pay-as-you go basis. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

The Agency administers its Health Plan (the plan) as a single-employer, self-insured benefit plan. The Agency provides postemployment healthcare benefits to certain employees that are eligible to retire under the New York State Retirement Systems. The plan provides medical and prescription drug coverage to certain retirees. Substantially all the Agency’s employees may become eligible for these benefits if they reach normal retirement age while working for the Agency. The financial information for the Agency’s plan is contained solely within these basic financial statements.

Benefits Provided - The Agency provides healthcare benefits to current and future retirees and their dependents through Excellus Blue Cross / Blue Shield. Benefits are dependent upon hire date and years of service.

Contributions – The Agency, per its policies, will pay 90% of the premium costs for the health insurance coverage provided by Excellus Blue Cross / Blue Shield for an employee of the Agency at retirement and until the employee attains age 65, provided the employee has been employed with the Agency for at least fifteen consecutive years prior to the date of retirement. After the employee attains the age of 65, the Agency will pay 90% of premium costs for individual health insurance coverage provided by Medicare Supplemental Plan. The Agency pays 100% of the premium for Employees hired before April 29, 2015. This includes two retirees. The four active employees were hired after April 29, 2015.

Employees Covered by Benefit Terms – As of the Valuation Date, the following employees were covered by the benefit terms:

Inactive Members or Beneficiaries Currently Receiving Payments	2
Active Members	<u>4</u>
Total Covered Employees	<u><u>6</u></u>

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS – Continued

Total OPEB Liability

The Agency has obtained an actuarial valuation report as of December 31, 2025 which indicates that the total liability for other postemployment benefits is \$1,258,186 which is reflected in the Statement of Net Position. The OPEB liability was measured as of December 31, 2025 and was determined by an actuarial valuation as of January 1, 2025.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the December 31, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Methods and Assumptions

Measurement Date	12/31/25
Rate of Compensation Increase	3.00%
Discount Rate	4.38%

Assumed Pre-65 Health Care Trend Rates at December 31

Health Care Cost Trend Rate Assumed for Next Fiscal Year	7.00%
Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	4.50%
Fiscal Year that the Rate Reaches the Ultimate Trend Rate	2037

Assumed Post-65 Health Care Trend Rates at December 31

Health Care Cost Trend Rate Assumed for Next Fiscal Year	7.00%
Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	4.50%
Fiscal Year that the Rate Reaches the Ultimate Trend Rate	2037

Additional Information

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage
Amortization Period (Years)	15
Method Used to Determine Actuarial Value of Assets	N/A

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS – Continued

Total OPEB Liability – Continued

The discount rate was based on an average of two 20-year bond indices (S&P Municipal Bond 20 Year High Grade Rate Index and Fidelity GO AA 20 years) as of December 31, 2025.

Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables based on Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2021.

The actuarial valuation was based upon the plan data and the actuarial valuation as of January 1, 2025 to calculate the results as of December 31, 2025 (the measurement date).

Changes in the Total OPEB Liability

Balance at December 31, 2024	<u>\$ 1,324,273</u>
Changes for the Year:	
Service Cost	39,339
Interest	56,909
Changes of Assumptions or Other Inputs	(112,383)
Benefit Payments	<u>(49,952)</u>
Net Changes	<u>(66,087)</u>
Balance at December 31, 2025	<u>\$ 1,258,186</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 4.22 percent as of December 31, 2024 to 4.38 percent as of December 31, 2025.

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS – Continued

Changes in the Total OPEB Liability – Continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the Agency, as well as what the Agency’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.38 percent) or 1 percentage point higher (5.38 percent) than the current discount rate:

	1% Decrease 3.38%	Discount Rate 4.38%	1% Increase 5.38%
Total OPEB Liability	\$ 1,502,968	\$ 1,258,186	\$ 1,075,933

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the Agency, as well as what the Agency’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (trend decreasing to 6.00%) or 1 percentage point higher (trend increasing to 8.00%) than the current healthcare cost trend rate:

	1% Decrease (7.00% decreasing to 6.00%)	Healthcare Cost Trend Rates (7.00%)	1% Increase (7.00% increasing to 8.00%)
Total OPEB Liability	\$ 1,065,029	\$ 1,258,186	\$ 1,519,330

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS – Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2025, the Agency recognized total OPEB expense of \$12,360. At December 31, 2025, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions or Other Inputs	<u>\$ 303,667</u>	<u>\$ 524,242</u>
Total	<u>\$ 303,667</u>	<u>\$ 524,242</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ending December 31

2026	\$ (33,936)
2027	(33,936)
2028	(33,933)
2029	(68,735)
2030	(50,035)
Total	<u>\$ (220,575)</u>

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 10 – LEASE RECEIVABLE

The Agency is the lessor of a parking lot under an operating lease expiring in 2029. The total amount of inflows of resources, including lease revenue, interest revenue and other lease related inflows recognized during the fiscal year was \$24,964. The lease receivable at December 31, 2025 is \$72,687.

Minimum future rentals on non-cancelable leases are as follows:

	Principal	Interest	Total
2026	\$ 21,298	\$ 2,703	\$ 24,001
2027	22,228	1,771	23,999
2028	23,202	798	24,000
2029	5,959	42	6,001
Total	<u>\$ 72,687</u>	<u>\$ 5,314</u>	<u>\$ 78,001</u>

NOTE 11 – LEASE LIABILITY

The Agency has leases for office space and a copier machine. The office space lease agreement is dated September 1, 2014, through August 31, 2024 with an option to extend the lease for up to 5 years. The copier machine is dated September 1, 2021, through August 31, 2025. As of December 31, 2025, the right of use asset – operating lease and operating lease liability related to these agreements were \$48,966 and \$45,925, respectively. The weighted average remaining lease term of these agreements is 3.58 years and the weighted average discount rate is 2.95%. Operating lease expense for the year ended December 31, 2025 was \$15,742.

The components of lease expense for the year ended December 31, 2025 is as follows:

Office Space	\$ 13,354
Copy Machine	867
Total amortization expense	<u>14,221</u>
Interest on lease liabilities	1,521
Total	<u>\$ 15,742</u>

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 11 – LEASE LIABILITY – Continued

Other information related to leases for the year ended December 31, 2025 is as follows:

Description	Interest Rate	Issue Date	Final Maturity	Balance	
Office Space	2.95%	9/1/2014	8/31/2029	\$ 45,925	
Copy Machine	2.95%	8/1/2021	8/31/2025	-	
				<u>\$ 45,925</u>	
	January 1, 2025	Additions	Reductions	December 31, 2025	Current Portion
Operating Lease Liability	<u>\$ 58,517</u>	<u>\$ -</u>	<u>\$ 12,592</u>	<u>\$ 45,925</u>	<u>\$ 12,037</u>

Future minimum lease payments as of December 31, 2025 are as follows:

	Principal	Interest	Total
2026	\$ 12,037	\$ 1,193	\$ 13,230
2027	12,397	833	13,230
2028	12,768	462	13,230
2029	<u>8,723</u>	<u>97</u>	<u>8,820</u>
Total	<u>\$ 45,925</u>	<u>\$ 2,585</u>	<u>\$ 48,510</u>

The Agency has evaluated low-value assets such as the copier machine on a lease-by-lease basis. The Agency has decided that for the leases with low value, the lease payments associated with those leases will be recognized as an expense on a monthly basis over the lease term. This is not in conformity with principles generally accepted in the United States of America which requires the lease to be accounted for under ASC 842. The overall effect of this departure is immaterial to the Agency’s financial statements for the year ended December 31, 2025. Total lease expense for low-value assets was \$420 for the year ended December 31, 2025.

NOTE 12 – RELATED PARTY TRANSACTION

Accounts Receivable – Related Party represents amounts due from Herkimer Local Development Corporation for site development costs and related operational expenses. Amounts due as of December 31, 2025 were \$287,504.

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY

A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NY

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

December 31, 2025

NOTE 12 – RELATED PARTY TRANSACTION – Continued

The Agency has various related party transactions with the County including annual operating revenue of \$200,000, short-term project financing of \$249,399 and long-term debt obligations to the County of \$1,717,030.

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY

A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NY

SUPPLEMENTARY SCHEDULES

COMBINING SCHEDULE OF NET POSITION

December 31, 2025

	HCIDA	HLDC	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	\$ 194,371	\$ 375	\$ -	\$ 194,746
Prepaid Expense	17,927	-	-	17,927
Interest Receivable	260	-	-	260
Accounts Receivable - Related Party	287,504	-	(287,504)	-
Lease Receivable	21,298	-	-	21,298
Grants Receivable	136,028	-	-	136,028
Total Current Assets	657,388	375	(287,504)	370,259
RESTRICTED ASSETS				
Cash	680	-	-	680
Total Restricted Assets	680	-	-	680
NONCURRENT ASSETS				
Capital Assets, Net	7,570,024	213,262	-	7,783,286
Long-Term Lease Receivable	51,389	-	-	51,389
Total Noncurrent Assets	7,621,413	213,262	-	7,834,675
TOTAL ASSETS	\$ 8,279,481	\$ 213,637	\$ (287,504)	\$ 8,205,614
DEFERRED OUTFLOWS OF RESOURCES				
Other Post Employment Benefits	\$ 303,667	\$ -	\$ -	\$ 303,667
Pensions	146,363	-	-	146,363
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 450,030	\$ -	\$ -	\$ 450,030
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	\$ 113	\$ -	\$ -	\$ 113
Current Portion of Operating Lease Liability	12,037	-	-	12,037
Accounts Payable - Related Party	-	287,504	(287,504)	-
Due to Herkimer County	249,399	-	-	249,399
Total Current Liabilities	261,549	287,504	(287,504)	261,549
NONCURRENT LIABILITIES				
Compensated Absences Payable	21,231	-	-	21,231
Postemployment Benefits Payable Other Than Pension	1,258,186	-	-	1,258,186
Net Pension Liability - Proportionate Share	169,809	-	-	169,809
Long-Term Operating Lease Liability	33,888	-	-	33,888
Long-Term Debt	1,717,030	-	-	1,717,030
Total Noncurrent Liabilities	3,200,144	-	-	3,200,144
TOTAL LIABILITIES	\$ 3,461,693	\$ 287,504	\$ (287,504)	\$ 3,461,693
DEFERRED INFLOWS OF RESOURCES				
Other Post Employment Benefits	\$ 524,242	\$ -	\$ -	\$ 524,242
Pensions	5,936	-	-	5,936
Leases	69,683	-	-	69,683
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 599,861	\$ -	\$ -	\$ 599,861
NET POSITION				
Net Investment in Capital Assets	\$ 5,807,069	\$ 213,262	\$ -	\$ 6,020,331
Restricted	680	-	-	680
Unrestricted	(1,139,792)	(287,129)	-	(1,426,921)
TOTAL NET POSITION	\$ 4,667,957	\$ (73,867)	\$ -	\$ 4,594,090

See paragraph on supplementary schedules included in auditor's report.

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY

A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NY

COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended December 31, 2025

	HCIDA	HLDC	Eliminations	Total
REVENUES				
OPERATING REVENUES				
Operating Subsidy - Herkimer County	\$ 200,000	\$ -	\$ -	\$ 200,000
Interest Earned on Loans Receivable	83	-	-	83
Rental Income	21,441	-	-	21,441
Administrative and Agency Fees	258,928	-	-	258,928
Total Operating Revenues	<u>480,452</u>	<u>-</u>	<u>-</u>	<u>480,452</u>
EXPENSES				
OPERATING EXPENSES				
Salaries and Payroll Taxes	352,187	-	-	352,187
Pension	55,817	-	-	55,817
Health Insurance and Other Fringe Benefits	89,437	-	-	89,437
Other Postemployment Benefit	56,382	-	-	56,382
Insurance	12,555	-	-	12,555
Professional Fees	132,210	10,852	-	143,062
Office and Administrative	22,320	-	-	22,320
Travel	52,298	-	-	52,298
Depreciation	104,882	-	-	104,882
Amortization	14,221	-	-	14,221
Business Park Marketing	12,475	-	-	12,475
Business Park Improvements and Maintenance	222,236	-	-	222,236
Miscellaneous	103,740	2,618	-	106,358
Total Operating Expenses	<u>1,230,760</u>	<u>13,470</u>	<u>-</u>	<u>1,244,230</u>
Net Operating Loss	<u>(750,308)</u>	<u>(13,470)</u>	<u>-</u>	<u>(763,778)</u>
NON-OPERATING REVENUES AND EXPENSES				
Grant Income	343,555	-	-	343,555
Interest Income	31,962	-	-	31,962
Loss on Disposal of Asset	(156,003)	-	-	(156,003)
Interest Expense	(1,521)	-	-	(1,521)
Grants Expense	(611,874)	-	-	(611,874)
Grants Received for Business Park Improvements	1,158,695	-	-	1,158,695
Total Non-Operating Revenues	<u>764,814</u>	<u>-</u>	<u>-</u>	<u>764,814</u>
CHANGE IN NET POSITION	14,506	(13,470)	-	1,036
NET POSITION, BEGINNING OF YEAR	<u>4,653,451</u>	<u>(60,397)</u>	<u>-</u>	<u>4,593,054</u>
NET POSITION, END OF YEAR	<u>\$ 4,667,957</u>	<u>\$ (73,867)</u>	<u>\$ -</u>	<u>\$ 4,594,090</u>

See paragraph on supplementary schedules included in auditor's report.

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY

A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NY

REQUIRED SUPPLEMENTARY SCHEDULES**SCHEDULE OF CHANGES IN THE AGENCY'S TOTAL OPEB LIABILITY AND RELATED RATIOS****LAST SEVEN FISCAL YEARS**

Ended December 31, 2025

	2025	2024	2023	2022	2021	2020	2019
Service Cost	\$ 39,339	\$ 30,138	\$ 32,267	\$ 27,954	\$ 44,750	\$ 25,480	\$ 21,521
Interest	56,909	56,440	40,352	60,808	34,289	27,191	38,535
Changes of Benefit Terms	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	-	-	-	-	-	-	-
Changes of Assumptions or Other Inputs	(112,383)	(74,872)	273,979	(450,669)	(246,588)	313,221	-
Benefit Payments	<u>(49,952)</u>	<u>(49,743)</u>	<u>(48,560)</u>	<u>(57,118)</u>	<u>(43,541)</u>	<u>(35,164)</u>	<u>(32,148)</u>
Net Change in Total OPEB Liability	(66,087)	(38,037)	298,038	(419,025)	(211,090)	330,728	27,908
Total OPEB Liability - Beginning	<u>1,324,273</u>	<u>1,362,310</u>	<u>1,064,272</u>	<u>1,483,297</u>	<u>1,694,387</u>	<u>1,363,659</u>	<u>1,335,751</u>
Total OPEB Liability - Ending	<u>\$ 1,258,186</u>	<u>\$ 1,324,273</u>	<u>\$ 1,362,310</u>	<u>\$ 1,064,272</u>	<u>\$ 1,483,297</u>	<u>\$ 1,694,387</u>	<u>\$ 1,363,659</u>
Covered Payroll	\$ 331,485	\$ 277,350	\$ 277,350	\$ 212,783	\$ 212,783	\$ 172,011	\$ 172,011
Total OPEB as a Percentage of Covered Payroll	379.56%	477.47%	491.19%	500.17%	697.09%	985.05%	792.77%

Ten years of historical data was not available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

See paragraph on supplementary schedules included in auditor's report.

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NY

SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) – NYSLRS PENSION PLAN
LAST TEN FISCAL YEARS
Ended December 31, 2025

Employees' Retirement System (ERS)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Agency's Proportion of the Net Pension Asset (Liability)	0.0009904%	0.0006373%	0.0006264%	0.0005830%	0.0005090%	0.0004315%	0.0002950%	0.0002890%	0.0002969%	0.0223700%
Agency's Proportionate Share of the Net Pension Asset (Liability) (per GASB 68 letter)	\$ (169,809)	\$ (93,831)	\$ (134,326)	\$ 47,661	\$ (507)	\$ (114,275)	\$ (20,902)	\$ (9,328)	\$ (27,893)	\$ (35,912)
Agency's Covered Payroll	\$ 326,525	\$ 301,219	\$ 282,277	\$ 241,641	\$ 197,838	\$ 182,501	\$ 168,850	\$ 133,492	\$ 119,000	\$ 114,472
Agency's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	<u>52.0%</u>	<u>31.2%</u>	<u>47.6%</u>	<u>19.7%</u>	<u>0.3%</u>	<u>62.6%</u>	<u>12.4%</u>	<u>7.0%</u>	<u>23.4%</u>	<u>31.4%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	<u>93.08%</u>	<u>93.88%</u>	<u>90.78%</u>	<u>103.65%</u>	<u>99.95%</u>	<u>86.39%</u>	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.68%</u>

See paragraph on supplementary schedules included in auditor's report.

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
A DISCRETELY PRESENTED COMPONENT UNIT OF THE COUNTY OF HERKIMER, NY

SCHEDULE OF THE AGENCY’S CONTRIBUTIONS – NYSLRS PENSION PLAN
LAST TEN FISCAL YEARS
Ended December 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 41,963	\$ 30,724	\$ 21,535	\$ 28,104	\$ 33,458	\$ 27,193	\$ 23,445	\$ 16,671	\$ 15,944	\$ 19,918
Contributions in Relation to the Contractually Required Contribution	<u>41,963</u>	<u>30,724</u>	<u>21,535</u>	<u>28,104</u>	<u>33,458</u>	<u>27,193</u>	<u>23,445</u>	<u>16,671</u>	<u>15,944</u>	<u>19,918</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Agency's Covered Payroll	\$ 326,525	\$ 301,219	\$ 282,277	\$ 241,641	\$ 197,838	\$ 182,501	\$ 168,850	\$ 133,492	\$ 119,000	\$ 114,472
Contributions as a Percentage of Covered Payroll	12.9%	10.2%	7.6%	11.6%	16.9%	14.9%	13.9%	12.5%	13.4%	17.4%

See paragraph on supplementary schedules included in auditor’s report.

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Herkimer County Industrial Development Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Herkimer County Industrial Development Agency, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Herkimer County Industrial Development Agency’s basic financial statements, and have issued our report thereon dated February 25, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Herkimer County Industrial Development Agency’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Herkimer County Industrial Development Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of Herkimer County Industrial Development Agency’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Herkimer County Industrial Development Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bowers & Company CPAs, PLLC

Watertown, New York
February 25, 2026

February 25, 2026

**To the Board of Directors of
Herkimer County Industrial Development Agency**

We have audited the financial statements of Herkimer County Industrial Development Agency for the year ended December 31, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 19, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Herkimer County Industrial Development Agency are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2025. We noted no transactions entered into by the Company during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the consolidated financial statements were:

Management's estimate of the depreciation is based on the straight-line method over the capital asset's useful life. We evaluated the key factors and assumptions used to develop the depreciation calculations in determining that it is reasonable in relation to the financial statements taken as a whole.

Management estimates actuarial assumptions that are used to determine pension liabilities and annual pension costs for the year in accordance with GASB Statement No. 68.

Management estimates actuarial assumptions that are used to determine annual postretirement cost for the year in accordance with GASB Statement No. 75.

Management's estimate of present value of right to use leased assets and lease liability is based on the discount rate or implicit interest rate within the agreements in accordance with GASB Statement No. 87, Leases.

Management develops estimates and assumptions based upon historical employee leave data to measure the liability for compensated absences in accordance with GASB Statement No. 101.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements:

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached material misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 25, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Company's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Herkimer County Industrial Development Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, Agency's total OPEB liability and related ratios, schedule of the Agency's proportionate share of the net pension liability – NYSLRS Pension Plan, and the schedule of the Agency's Contributions – NYSLRS Pension Plan which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining Schedule of Net Position, and the Combining Schedule of Revenues, Expenses, and Changes in Net Position, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the information and use of the Board of Directors and Management of Herkimer County Industrial Development Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Bowers & Company CPAs, PLLC". The signature is written in a cursive, slightly slanted style.

Bowers & Company CPA's, PLLC

Material Adjusting Journal Entries Made:

Adjusting Journal Entries JE # 1			
to record entry for transfer of Masonic property to LDC.			
138000	Accounts Rec - Related Party	59,339.00	
150026	Site Dev - Masonic		59,339.00
Total		<u>59,339.00</u>	<u>59,339.00</u>
Adjusting Journal Entries JE # 2			
To adjust entry for vacation/sick accrual.			
170002	Accrued Compensated Absences	71,993.00	
200001	Retained Earnings		71,993.00
Total		<u>71,993.00</u>	<u>71,993.00</u>
Adjusting Journal Entries JE # 3			
to adjust roll forward net position from prior year			
400013	Office Expense	799.00	
200001	Retained Earnings		799.00
Total		<u>799.00</u>	<u>799.00</u>
Adjusting Journal Entries JE # 4			
To record current year depreciation expense.			
400000	Depreciation Expense	104,882.00	
155000	Accum. Depreciation - All Prop.		104,882.00
Total		<u>104,882.00</u>	<u>104,882.00</u>
Adjusting Journal Entries JE # 5			
To record lease amortization.			
180500	LT Lease Liability-Finance	12,037.00	
180550	ST Lease Liability-Finance	555.00	
300049	Accounts Payable - Temporary	31.00	
400000-1	Amortization Expense	14,221.00	
400005-1	Interest Expense - Financing Lease	1,521.00	
150500	ROU Asset		4,771.00
150600	ROU Asset-Accumulated Amortizat		9,450.00
400013	Office Expense		914.00
400014	Office Rent		13,230.00
Total		<u>28,365.00</u>	<u>28,365.00</u>

Material Adjusting Journal Entries Made – Continued

Adjusting Journal Entries JE # 6			
To record lease entry related to lessor agreements.			
137001	ST Lease Receivable	893.00	
195003	Deferred Inflow - Leases	21,441.00	
300063	Lease Income - Amazon-240 Mary	2,559.00	
137000	Interest Receivable		73.00
137002	LT Lease Receivable		21,297.00
300090	Interest Revenue - Lease		3,523.00
Total		24,893.00	24,893.00

Adjusting Journal Entries JE # 7			
To record net OPEB liability activity at 12/31/25.			
195001	OPEB Liability	66,087.00	
400036	Retiree Health Insurance	12,360.00	
130000	Deferred Outflows		59,709.00
195000	Deferred Inflows		18,738.00
Total		78,447.00	78,447.00

Adjusting Journal Entries JE # 8			
To record prepaid payroll. REVERSE 1/1/26.			
130003	Prepaid Expense	3,562.00	
400028	Payroll Tax Expense		995.00
400042	Net Payroll Checks		2,567.00
Total		3,562.00	3,562.00

Adjusting Journal Entries JE # 9			
To move funds given to LDC to due from related party.			
138000	Accounts Rec - Related Party	4,618.00	
138000	Accounts Rec - Related Party	33,353.00	
4400052	Herkimer Local Development Corp		250.00
4400053	Masonic Project Fund		4,618.00
4400053	Masonic Project Fund		33,103.00
Total		37,971.00	37,971.00

Adjusting Journal Entries JE # 10			
To record vacation accrual.			
400034	Total Salaries	21,231.00	
170002	Accrued Compensated Absences		21,231.00
Total		21,231.00	21,231.00

Material Adjusting Journal Entries Made – Continued

Adjusting Journal Entries JE # 11			
To dispose of asset no longer in service.			
4400099	Loss on Disposal of Asset	6,300.00	
150028	Site Dev - German Flatts BP		6,300.00
Total		<u>6,300.00</u>	<u>6,300.00</u>
Adjusting Journal Entries JE # 12			
To record GASB 68 ERS entry.			
130000	Deferred Outflows	32,278.00	
130003	Prepaid Expense	2,390.00	
195000	Deferred Inflows	42,459.00	
195002	Pension liability assessment		75,978.00
400029	Pension		1,149.00
Total		<u>77,127.00</u>	<u>77,127.00</u>
Adjusting Journal Entries JE # 13			
To adjust deposit for grant revenue.			
150016	Site Imp-Schuyler BP II	565,379.00	
300006	Herkimer Co.SubsidySBP II-PIF		565,379.00
Total		<u>565,379.00</u>	<u>565,379.00</u>
Adjusting Journal Entries JE # 14			
to record deposits received on grants receivable			
300064	Grant Income - Herkimer BOA	51,745.00	
300089	Grant Income- HC Housing Study	22,739.00	
136000	Grant Receivables		74,484.00
Total		<u>74,484.00</u>	<u>74,484.00</u>
Adjusting Journal Entries JE # 15			
to record grant receivable			
136000	Grant Receivables	50,421.00	
300092	Grant Income - County Wide BOA		50,421.00
Total		<u>50,421.00</u>	<u>50,421.00</u>
Adjusting Journal Entries JE # 16			
to reclassify.			
190000	Unearned Revenue	2,022.00	
300026	Miscellaneous Income Operating		2,022.00
Total		<u>2,022.00</u>	<u>2,022.00</u>

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SECTION 2925(3)(F)
OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW**

**TO THE BOARD OF DIRECTORS
HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Herkimer County Industrial Development Agency (the Agency), which comprise the combined statement of net position as of December 31, 2025, and the related combined statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated February 25, 2026.

In connection with our audit, nothing came to our attention that caused us to believe that the Agency failed to comply with the Agency's Investment Policy, The New York State Comptroller's Investment Guidelines, and Section 2925(3)(F) of the NYS Public Authorities Law during the year ended December 31, 2025. However, our audit was not directed primarily toward obtaining knowledge of noncompliance with such investment guidelines. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Agency's noncompliance with the above rules and regulations.

This report is intended solely for the information and use of management of the Agency, the Board of Directors, and the Office of the State Comptroller of the State of New York. It is not intended to be, and should not be, used by anyone other than these specified parties.

Bowers & Company CPAs, PLLC

Watertown, New York
February 25, 2026