

CITY OF WATERVLIET
LOCAL DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

Year Ended December 31, 2022

CITY OF WATERVLIET
LOCAL DEVELOPMENT CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
City of Watervliet Local Development Corporation
Watervliet, New York

Opinions

We have audited the accompanying financial statements of the City of Watervliet Local Development Corporation (the "LDC") (a blended component unit of the City of Watervliet), which comprise the balance sheet – other basis as of December 31, 2022, and the related statements of revenues, expenses and changes in fund balance – other basis and cash flows – other basis for the year then ended, and the related notes to the financial statements.

Unmodified Opinion on Other Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the LDC, as of December 31, 2022, and in accordance with the financial reporting provisions of the Comptroller of the State of New York as described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the LDC, as of December 31, 2022, or changes in net position, or cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the LDC, 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 opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2, the financial statements are prepared by the LDC, on the basis of the financial reporting provisions of the Comptroller of the State of New York, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Comptroller of the State of New York. The effects on the financial statements of the variances between the other basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Comptroller of the State of New York. Management is also responsible 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.

Auditors' Responsibilities 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 auditors' 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 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, 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 LDC'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 LDC'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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 4 and 5 be presented to supplement the basic financial statements. Such information, 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, and 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 method 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2025 on our consideration of the LDC'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 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 the LDC's internal control over financial reporting and compliance.

Mistert, Manzanero & Scott, LLP

Oneonta, New York
October 8, 2025

CITY OF WATERVLIET LOCAL DEVELOPMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2022

As financial management of the City of Watervliet Local Development Corporation ("the LDC") (a blended component unit of the City of Watervliet), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the LDC for the year ended December 31, 2022. 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 herein in conjunction with the financial statements taken as a whole.

Budget

The LDC depends on grants and loan repayments, with a minimal amount of operating income, to extend its programs. The LDC files for various grants and makes loans to provide economic development assistance in the City of Watervliet. However, the funding of these grants is not assured at the beginning of the year. Because the LDC does not know how much funding will be received during any year, how many loan applications will be approved, or what programs can be made available, the LDC cannot project the amount that it can use for its programs to project an accurate budget.

Overview of the Financial Statements

This management's discussion and analysis accompanies the LDC's financial statements, notes to the financial statements and the reports on compliance and internal control to help the reader better understand the financials.

Financial Statements

The LDC's financial statements provide readers with a comprehensive reporting of the LDC's 2022 transactions and balances. The difference between the assets and liabilities are reported as the fund balance. Increases or decreases in the fund balance are indicators of strengthened or weakened financial position.

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

The LDC's fund balance increased by \$151 in 2022. The revenue for the LDC was \$19,088 and the expenditures were \$18,937 for the fiscal year 2022. At the close of the fiscal year 2022, the LDC had a fund balance of \$43,543.

The LDC's fund balance increased by \$6,937 in 2021. The revenue for the LDC was \$15,290 and the expenditures were \$8,353 for the fiscal year 2021. At the close of the fiscal year 2021, the LDC had a fund balance of \$43,392.

CITY OF WATERVLIET LOCAL DEVELOPMENT CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended December 31, 2022

The following is a summary of the LDC's financial statements showing the change in fund balance:

CITY OF WATERVLIET LOCAL DEVELOPMENT CORPORATION
BALANCE SHEET

	<u>2022</u>	<u>2021</u>
Current assets	\$ 119,256	\$ 165,765
Non-current assets	<u>60,705</u>	<u>36,731</u>
Total assets	<u>\$ 179,961</u>	<u>\$ 202,496</u>
Liabilities	\$ -	\$ 3,000
Deferred inflows of resources – Loans	136,418	156,104
Fund balance – Restricted	<u>43,543</u>	<u>43,392</u>
Total liabilities and fund balance	<u>\$ 179,961</u>	<u>\$ 202,496</u>

CITY OF WATERVLIET LOCAL DEVELOPMENT CORPORATION
CHANGES IN FUND BALANCE

Revenues	\$ 19,088	\$ 15,290
Expenditures	<u>(18,937)</u>	<u>(8,353)</u>
Net change in fund balance	151	6,937
Fund balance – Beginning of year	<u>43,392</u>	<u>36,455</u>
Fund balance – End of year	<u>\$ 43,543</u>	<u>\$ 43,392</u>

Requests for Information

Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Charles Patricelli, Chair, City of Watervliet Local Development Corporation, 2 – 15th Street, Watervliet, New York 12401.

CITY OF WATERVLIET LOCAL DEVELOPMENT CORPORATION

BALANCE SHEET - OTHER BASIS

December 31, 2022

ASSETS

Current assets:

Cash and cash equivalents	\$ 42,722
Loans receivable - Current	25,281
Forgivable loans - Current	50,433
Prepaid expenses	820
Total current assets	<u>119,256</u>

Non-current assets:

Long-term portion of loans receivable	<u>60,705</u>
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Total assets	<u><u>\$ 179,961</u></u>
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LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE

Liabilities:

Accounts payable	\$ -
Total liabilities	<u>-</u>

Deferred inflow of resources:

Deferred revenue - Loans	136,418
Total deferred inflow of resources	<u>136,418</u>

Fund balance:

Restricted	43,543
Total fund balance	<u>43,543</u>

Total liabilities, deferred inflow of resources and fund balance	<u><u>\$ 179,961</u></u>
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See accompanying notes.

CITY OF WATERVLIET LOCAL DEVELOPMENT CORPORATION

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCE - OTHER BASIS

Year Ended December 31, 2022

REVENUE

Departmental:

Lending activities - Principal	\$ 14,715
Lending activities - Interest	403
Fire and Ice event	3,970
Total revenue	<u>19,088</u>

EXPENDITURES

Home and community services:

Administrative	3,000
Fire and Ice event	3,908
Insurance	2,031
Professional fees	7,529
Website design	2,469
Total expenditures	<u>18,937</u>

NET CHANGE IN FUND BALANCE	<u>151</u>
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Fund balance - Beginning of year	<u>43,392</u>
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FUND BALANCE - END OF YEAR	<u><u>\$ 43,543</u></u>
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See accompanying notes.

CITY OF WATERVLIET LOCAL DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS - OTHER BASIS

Year Ended December 31, 2022

Cash flows from operating activities:	
Cash received from lending activities - Principal	\$ 14,715
Cash received from lending activities - Interest	403
Cash received from Fire & Ice Event	3,970
Administrative expenses	(3,000)
Fire and Ice event	(3,908)
Insurance	(1,640)
Professional fees	(10,530)
Website design	(2,469)
NET CASH USED IN OPERATING ACTIVITIES	<u>(2,459)</u>
NET DECREASE IN CASH	(2,459)
Cash - Beginning of year	<u>45,181</u>
CASH - END OF YEAR	<u><u>\$ 42,722</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Net operating gain	\$ 151
Changes in assets and liabilities:	
Decrease in prepaid expenses	390
Decrease in loans receivable	19,686
Decrease in accounts payable	(3,000)
Decrease in deferred revenue - Loans	<u>(19,686)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ (2,459)</u></u>

See accompanying notes.

CITY OF WATERVLIET LOCAL DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 1 ORGANIZATION

The City of Watervliet Local Development Corporation (the “LDC”) (a blended component unit of the City of Watervliet), was created in 1999; and is a not-for-profit public benefit corporation in the State of New York. The LDC operates in the City of Watervliet exclusively for charitable or public purposes of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, instructing or training individuals to improve or develop their capabilities for such jobs, carrying on scientific research for the purpose of aiding the City of Watervliet by attracting new industry to the community or area or by encouraging the development of, or retention of, industry in the City of Watervliet and lessening the burdens of government and acting in the public interest.

The mission of the LDC is to stimulate economic development in the City of Watervliet. The LDC’s approach will be community-driven and comprehensive. The LDC will partner with stakeholders from the City of Watervliet, local chambers of commerce and the private sector. The LDC will use a vast number of economic tools including loan and grant programs and appropriate training programs.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Blended Component Unit

The decision to include a potential component unit in the primary government’s reporting entity is based on the criteria stated in GASB Statement No. 14, “*The Financial Reporting Entity*,” as amended by GASB 39, “*Determining Whether Certain Organizations are Component Units*” and GASB 61, “*The Financial Reporting Entity: Omnibus an Amendment of GASB Statement No. 14 and 34*,” which includes the ability to appoint a voting majority of an organization’s governing body and (1) the ability of the primary government to impose its will on the organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burden on the primary government, or the nature and significance of the relationship between the primary government and the organization is such that exclusion would cause the primary government’s financial statements to be incomplete.

Management has evaluated the provisions of GASB Statement No. 14, “*The Financial Reporting Entity*” and GASB Statement No. 39, “*Determining Whether Certain Organizations are Component Units*” – an amendment of GASB Statement No. 14 and No. 34. Based on the provisions of these standards management has determined that the LDC is a blended component unit of the City of Watervliet (the primary government).

A blended component unit, although a legally separate entity, is in substance, part of the primary government’s operations. Accordingly, data from the LDC is included with data of the City of Watervliet as a special revenue fund of the City.

CITY OF WATERVLIET LOCAL DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

B. Departures From Generally Accepted Accounting Principles

Other Basis of Accounting

Management has elected to prepare its financial statements on the other basis required by the Office of the Comptroller of the State of New York for annual reports to that office. This other basis (pre GASB-34 model) varies from generally accepted accounting principles (GAAP) primarily in that under GAAP:

1. Financial statements include two additional statements, the statement of net position and the statement of activities, collectively referred to as the “government-wide” financial statements which are presented on the accrual basis of accounting.
2. Fund-based financial statements must be reconciled to the “government-wide” financial statements.
3. Capital assets, other than land, are depreciated and reported on the “government-wide” statement of net position at net book value, and depreciation expense is allocated to the major functions on the statement of activities based on the use of the underlying assets.
4. Full pension note disclosure as required by GAAP under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, because the LDC reports under the modified accrual basis and does not have pension proprietary fund liabilities.
5. Required supplementary information (RSI) required by GAAP under GASB Statement No. 68 concerning pensions which includes a ten-year comparative schedule of the collective net pension liability and a schedule of the required contributions, actual contribution, any differences between those contributions, covered payroll and actual contributions as a percentage of covered payroll.

C. Basis of Presentation – Fund Accounting

The LDC uses fund accounting to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. Each fund is considered a separate accounting entity, accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The LDC records its transactions in the fund types and account groups described below.

CITY OF WATERVLIET LOCAL DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

C. Basis of Presentation – Fund Accounting (Cont'd.)

Fund Categories:

Governmental Fund Types – are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus of the governmental funds is upon the determination of financial position and changes in financial position. The following are the LDC's governmental fund types:

General Fund – the principal operating fund and includes all operations not required to be recorded in other funds.

Special Revenue Fund – used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Special Grant Fund – the City of Watervliet accounts for the LDC as a special grant fund in its other basis reporting.

D. Basis of Accounting/Measurement Focus

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This Statement established new financial reporting requirements for state and local governments throughout the United States. It requires new information and restructures much of the information that governments have presented in the past. New York State does not require the LDC to implement GASB Statement No. 34. Management has elected to prepare its financial statements on the other basis required by the Office of the Comptroller of the State of New York for Annual Reports to that Office. This other basis varies from generally accepted accounting principles primarily because it does not reflect the adoption of GASB Statement No. 34.

Basis of accounting refers to when revenue and expenditures/expenses and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e., expenditures or expenses.

Modified Accrual Basis – all governmental funds and expendable trust funds, agency funds, and internal service funds are accounted for using the modified accrual basis of accounting.

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered to be available if collected within 60 days.

The LDC reports the receipt of principal and interest on outstanding loans receivable as current year revenue.

CITY OF WATERVLIET LOCAL DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

D. Basis of Accounting/Measurement Focus (Cont'd.)

Expenditures are recorded when incurred except that:

1. Expenditures for prepaid expenses or inventory-type items are recognized at the time of purchase.
2. Principal and interest on indebtedness are not recognized as an expenditure until due.
3. Pension costs are recognized as an expenditure when due.
4. Compensated absences, such as vacation and sick leave which vest or accumulate, are charged as an expenditure when paid.

E. Fund Balance

The LDC has adopted the Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Types Definitions*, as recommended by New York State for reporting on the other basis. Statement No. 54 abandons the reserved and unreserved classifications of fund balance and replaces them with the following five classifications:

Restricted – restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Committed – amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

Assigned – amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance.

Unassigned – represents the residual classification for the government's general fund and could report a surplus or deficit. In funds other than the general fund, the unassigned classification should be used only to report a deficit balance resulting from over spending for specific purposes for which amount had been restricted, committed, or assigned.

When resources are available from multiple classifications, the LDC spends funds in the following order: restricted, committed, assigned and unassigned.

CITY OF WATERVLIET LOCAL DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

F. Deferred Outflows/Inflows of Resources

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, defined and classified deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net assets that applies to future period(s), and as such, will not be recognized as an outflow of resources (expense/expenditure) until that time. A deferred inflow of resources is an acquisition of net assets that applies to future period(s), and as such, will not be recognized as an inflow of resources (revenue) until that time.

G. Cash and Cash Equivalents

For the purpose of presenting the statement of cash flows – other basis, the LDC considers all demand deposits, time and savings accounts and certificates of deposit with an original maturity of three months or less to be cash equivalents.

H. Loans Receivable

Loans receivable are carried at unpaid principal balances. Receivables for loans are reviewed periodically by management, based on the LDC's past loan experience, specific impaired loans, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. The LDC's practice is to write off any loan or portion of a loan when the loan is determined by management to be uncollectible due to the borrower's failure to meet repayment terms, the borrower's deteriorating or deteriorated financial condition, the depreciation of the underlying collateral, or for other reasons. Management has deemed that an allowance is unnecessary.

I. Operating Revenues and Expenses

The LDC receives operating revenue in the form of repayments on loans originally granted by the City of Watervliet from various programs and grants. Program income from these loan repayments are recognized as revenue when received.

The LDC distinguishes operating revenues and expenses from non-operating items in its financial statements. Operating revenues and expenses generally result from providing services in connection with the LDC's principal on-going operations. The LDC's operating expenses include project and program costs and related administration expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

J. Income Taxes

The LDC is a not-for-profit local development corporation under Section 1411 of New York State not-for-profit corporation law and is exempt from federal income taxes and New York State taxes. Accordingly, no income tax provisions have been made.

CITY OF WATERVLIET LOCAL DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

K. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

L. Events Occurring After Reporting Date

Subsequent events were evaluated through October 8, 2025, which is the date the financial statements were available to be issued.

NOTE 3 CASH AND CASH EQUIVALENTS

The LDC maintains its cash balances at several financial institutions located in Watervliet, New York. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 each for interest and non-interest bearing accounts. As of December 31, 2022, there were no cash balances that were not collateralized or covered by FDIC.

NOTE 4 LOANS RECEIVABLE

Long-term loans receivable at December 31, consisted of the following:

<u>Borrower</u>	<u>01/01/2022 Balance</u>	<u>Loans Granted</u>	<u>Loan Payments</u>	<u>Loans Write-Offs</u>	<u>12/31/2022 Balance</u>
<i>Micro Program</i>					
Wicked Smart	\$ 65,660	\$ -	\$ 8,073	\$ -	\$ 57,587
Less: Current portion					(12,110)
Long-term loans receivable – Micro Program					\$ 45,477
<i>Economic Development</i>					
For Your Convenience	\$ 11,835	\$ -	\$ -	\$ -	\$ 11,835
Konicek & Collett Funeral Home	23,205	-	6,641	-	16,564
	<u>\$ 35,040</u>	<u>\$ -</u>	<u>\$ 6,641</u>	<u>\$ -</u>	<u>28,399</u>
Less: Current portion					(13,171)
Long-term loans receivable – Economic Development					\$ 15,228

CITY OF WATERVLIET LOCAL DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2022

NOTE 4 LOANS RECEIVABLE (Cont'd.)

<u>Borrower</u>	<u>01/01/2022 Balance</u>	<u>Loans Granted</u>	<u>Loan Payments</u>	<u>Loans Write-Offs</u>	<u>12/31/2022 Balance</u>
<i>Forgivable Loans</i>					
Holbrook	\$ 40,000	\$ -	\$ -	\$ -	\$ 40,000
Valenti	3,500	-	-	(1,400)	2,100
Konicek & Collett Funeral Home	<u>11,905</u>	<u>-</u>	<u>-</u>	<u>(3,572)</u>	<u>8,333</u>
	<u>\$ 55,405</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,972)</u>	<u>50,433</u>
Less: Current portion					<u>(50,433)</u>
Long-term loans receivable – Forgivable Loans					<u>\$ -</u>

The forgivable loans are subject to conditions. If those conditions are not met all of the loan becomes due. If all the conditions are met the forgivable loans turn into a grant. Since the conditions were not met, we are considering the entire portion of the forgivable loans current. The following is a summary of long-term loans and grants receivable as of December 31:

Micro Program	\$ 57,587
Economic Development	28,399
Forgivable Loans	<u>50,433</u>
Sub-total loans receivable	136,419
Less: Current portion	<u>(75,714)</u>
Total long-term loans receivable	<u>\$ 60,705</u>

NOTE 5 DEFERRED INFLOW OF RESOURCES – LOANS

Deferred inflows of resources – loans are recognized in the period in which the payment relates. As of December 31, 2022, it consisted of lending activity related to the loans receivable in the amount of \$136,418.

NOTE 6 SPONSORED EVENT

In February 2022, the LDC sponsored the Fire and Ice Community Event.

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INDEPENDENT AUDITORS' 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
City of Watervliet Local Development Corporation
Watervliet, New York

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 City of Watervliet Local Development Corporation (the "LDC"), which comprise the balance sheet – other basis as of and for the year ended December 31, 2022 and the related statements of revenues, expenses and changes in fund balance – other basis and cash flows – other basis for the year then ended and the related notes to the financial statements, and have issued our report thereon dated October 8, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the LDC's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the LDC's internal control. Accordingly, we do not express an opinion on the effectiveness of the LDC'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the LDC'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 may exist that have not been identified.

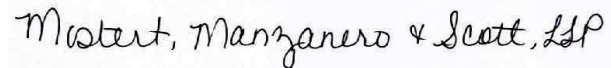
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the LDC's financial statements are free from 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 statement amounts. 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 LDC'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 LDC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Oneonta, New York
October 8, 2025

A handwritten signature in black ink that reads "Mastert, Manzanero & Scott, LLP". The signature is written in a cursive style and is positioned above a light blue horizontal line.