# UTICA HARBOR POINT DEVELOPMENT CORP

**(A Blended Component Unit of the City of Utica)**

**Financial Statements as of**
**March 31, 2025**

**Together with Independent**
**Auditor's Reports**

Bonadio & Co., LLP
Accounting, Consulting & More

**UTICA HARBOR POINT DEVELOPMENT CORP**

**(A Blended Component Unit of the City of Utica)**

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**INDEPENDENT AUDITOR'S REPORT**

November 19, 2025

To the Board of Directors of the
Utica Harbor Point Development Corp:

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of the business-type activities of the Utica Harbor Point Development Corp (UHPDC), a blended component unit of the City of Utica, as of and for the year ended March 31, 2025, and the related notes to the financial statements, which collectively comprise UHPDC's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of UHPDC, as of March 31, 2025, and the respective changes in financial position and cash flows thereof 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 UHPDC 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.



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**INDEPENDENT AUDITOR'S REPORT (Continued)**

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 UHPDC'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

***Auditor's 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 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
- 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 UHPDC'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 UHPDC'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.

## INDEPENDENT AUDITOR'S REPORT (Continued)

***Required Supplementary Information***

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards,* we have also issued our report dated November 19, 2025 on our consideration of UHPDC'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 UHPDC'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 UHPDC's internal control over financial reporting and compliance.

Bonadio & Co., LLP

**UTICA HARBOR POINT DEVELOPMENT CORP**
**(A Blended Component Unit of the City of Utica)**

**Statement of Net Position**
**March 31, 2025**

| | |
|---|---|
| **ASSETS** | |
| CURRENT ASSETS: | |
| Cash and cash equivalents | $ 18,198 |
| Total current assets | 18,198 |
| Property held for sale | 10,218,273 |
| Total assets | 10,236,471 |
| **CURRENT LIABILITIES** | |
| Accrued Liabilities | 346,561 |
| Line of credit | 1,997,849 |
| Total current liabilities | 2,344,410 |
| **NET POSITION** | |
| Unrestricted - Net investment in property held for sale | 7,873,863 |
| Unrestricted | 18,198 |
| Total net position | $ 7,892,061 |

The accompanying notes are an integral part of these statements.

**UTICA HARBOR POINT DEVELOPMENT CORP**
**(A Blended Component Unit of the City of Utica)**

**Statement of Revenues, Expenses and Changes in Net Position**
**For the Year Ended March 31, 2025**

| | |
|---|---|
| OPERATING EXPENSES: | |
| Professional fees | $ 69,500 |
| Insurance | 11,897 |
| Miscellaneous | 5,240 |
| Total operating expenses | 86,637 |
| OPERATING LOSS | (86,637) |
| NON-OPERATING EXPENSES: | |
| Interest expense | 171,184 |
| Total non-operating expenses | 171,184 |
| CAPITAL CONTRIBUTION - New York State | - |
| CHANGE IN NET POSITION | (257,821) |
| NET POSITION - beginning of year | 8,149,882 |
| NET POSITION - end of year | $ 7,892,061 |

The accompanying notes are an integral part of these statements.

**UTICA HARBOR POINT DEVELOPMENT CORP**
**(A Blended Component Unit of the City of Utica)**

**Statement of Cash Flows**
**For the Year Ended March 31, 2025**

| | | |
|---|---|---|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Cash payments to suppliers for goods and services | $ | (1,260) |
| Net cash flow from operating activities | | (1,260) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | | (1,260) |
| CASH AND CASH EQUIVALENTS - beginning of year | | 19,458 |
| CASH AND CASH EQUIVALENTS - end of year | $ | 18,198 |
| Reconciliation of operating income to net cash flow from operating activities: | | |
| Net operating loss | $ | (86,637) |
| Change in accounts payable related to operating activities | | 85,377 |
| Net cash flow from operating activities | $ | (1,260) |

The accompanying notes are an integral part of these statements.

## 1. REPORTING ENTITY

Utica Harbor Point Development Corp (UHPDC or Corporation) is a local development corporation created in 2011 for the purpose of improving, promoting and rehabilitating the area known as Harbor Point in the City of Utica, New York (the City). UHPDC is exempt from Federal, State, and local income taxes. The City of Utica, by and through its Mayor is the sole member of the Corporation, accordingly, UHPDC is a blended component unit of the City of Utica.

The Corporation was financially dormant until April 1, 2018 at which point it took over the City's development efforts related to the Harbor Point project. During UHPDC's dormant period, the City of Utica obtained certain grants and expended certain funds to further the project's goals. Upon the sale and disposition of UHPDC's assets, the net proceeds will revert to the City.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Accounting

UHPDC's financial statements are prepared in conformity with accounting principles generally accepted in the United States as set forth by the Governmental Accounting Standards Board (GASB) for proprietary funds.

### Basis of Presentation

GASB requires the classification of net position into three classifications defined as follows:

- Net investment in capital assets - the component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- Restricted net position - the component of net position consists of amounts which have external constraints placed on their use imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. At March 31, 2025, UHPDC does not have restricted net position.

- Unrestricted net position - the component of net position consists of net position that doesn't meet the definition of net investment in capital assets, designated for debt service or restricted.
    - Unrestricted – designated for debt service – the component of net position is designated to be used to repay outstanding lines of credit.

When both restricted and unrestricted resources are available for use, it is UHPDC's policy to use restricted resources first.

### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 report period. Actual results could differ from those estimates and such differences may be significant.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

### Cash and Cash Equivalents

Cash and cash equivalents includes demand deposits, money market funds, and certificates of deposit with original maturities of twelve months or less. UHPDC maintains its cash and cash equivalents in bank accounts. Interest and dividend income from cash and cash equivalents is reported in other income in the statement of revenues, expenses, and changes in net position.

### Contributed Facilities and Services

UHPDC, with the consent of the Common Council of the City of Utica, is authorized to use and has shared City employees, facilities, and equipment and may reimburse the City an agreed upon proportion of the compensation or costs of the services provided. For the year ended March 31, 2025, the City did not request any reimbursement and no such reimbursement was made.

## 3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

### Policies

UHPDC follows an investment and deposit policy, the overall objective of which is to adequately safeguard the funds of UHPDC and funds under the control of UHPDC; to provide sufficient liquidity of invested funds in order to meet obligations as they become due; and to earn the maximum yield possible given the objectives previously listed. Oversight of investment activity is the responsibility of the Executive Director. UHPDC's monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies as designated by the Board of Directors. Permissible investments include: a) obligations of the United States or of federal agencies whose principal and interest payments are fully guaranteed by the federal or state government, b) obligations of New York State or in general obligations of the State's political subdivisions, c) certificates of deposits or deposits with banks with an investment grade rating by a Rating Agency, d) commercial paper rated Prime-1 and/or A-1, and e) money market funds with AAA ratings.

### Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. UHPDC's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

### Credit Risk

UHPDC's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations.

### Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. Governmental Accounting Standards direct that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are not covered by collateralization. All deposits are covered by depository insurance.

## 4. RELATED PARTY

UHPDC's governing body is appointed by the Mayor of the City of Utica.

## 5. PROPERTY HELD FOR SALE

As of March 31, 2025, UHPDC has property held for sale as follows:

| | Balance April 1, 2024 | Additions | Sales | Balance March 31, 2025 |
|---|---|---|---|---|
| Professional services | $ 756,083 | $ - | $ - | $ 756,083 |
| Land | 959,183 | - | - | 959,183 |
| Site work | 2,471,750 | - | - | 2,471,750 |
| Bulkhead | 6,031,257 | - | - | 6,031,257 |
| | $ 10,218,273 | $ - | $ - | $ 10,218,273 |

It is the intention of UHPDC to ultimately dispose of the capital assets they own. Accordingly, no depreciation is recorded.

## 6. LINE OF CREDIT

UHPDC has two lines of credit with a financial institution. Terms are as follows:

| | Line 1 | Line 2 |
|---|---|---|
| Amount | $ 2,650,000 | $ 500,000 |
| Type | Revolving LOC | Revolving LOC |
| Current balance | $ 1,997,849 | $ - |
| Interest rate basis | WSJ U.S. Prime | WSJ U.S. Prime |
| Current interest rate | 8.50% | N/A |
| Payable | On demand | On demand |

Activity during the year is as follows:

| | Line 1 | Line 2 |
|---|---|---|
| Balance April 1, 2024 | $ 1,997,849 | $ - |
| Borrowing | - | - |
| Repayments | - | - |
| Balance March 31, 2025 | $ 1,997,849 | $ - |

UHPDC's outstanding lines of credit from direct borrowings of $1,997,849 contain a provision that in an event of default the lender may have, do any one or more of the following: (a) cancel the agreement and/or withhold further advances; (b) institute appropriate proceedings to enforce the performance of the agreement and the other related documents; (c) expend funds necessary to remedy the event of default; (d) execute upon any of the collateral, in any manner available under applicable law; and (e) exercise any other right or remedy which it has under any related document or which is otherwise available to lender at law or in equity.

UHPDC is in default of the Line 1 loan agreement dated March 18, 2021. Accordingly, the lender may demand payment on this note at any time.

## 7. CONTINUING OPERATIONS/SUBSEQUENT EVENTS

As of March 31, 2025, UHPDC has $2,344,410 of current liabilities and $18,198 current assets. In June of 2025, UHPDC sold a 14.07 acre parcel for approximately $1.2 million. Additionally, UHPDC anticipates proceeds from property sales during fiscal year 2026 of approximately $450,000. Additional proceeds from the sale of property will enable UHPDC to pay outstanding liabilities.

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**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***

November 19, 2025

To the Board of Directors of
Utica Harbor Point Development Corp

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 Utica Harbor Point Development Corporation (UHPDC) as of and for the year ended March 31, 2025, and the related notes to the financial statements, which collectively comprise UHPDC's basic financial statements and have issued our report thereon dated November 19, 2025.

**Report on Internal Control Over Financial Reporting**

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

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**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether UHPDC'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 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 UHPDC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bonadio & Co., LLP