

**CORTLAND COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY**

**FINANCIAL REPORT**

**DECEMBER 31, 2016**



# ***CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY***

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Cortland County Industrial Development Agency  
Cortland, New York

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the Cortland County Industrial Development Agency (the Agency), a component unit of the County of Cortland, New York, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the business-type activities and aggregate discretely presented component units of Cortland County Industrial Development Agency as of December 31, 2016, and the respective changes in financial positions and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **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 through 4c 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, 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.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The Combining Schedule of Net Position - Component Units, Combining Schedule of Revenues, Expenses and Changes in Net Position - Component Units (component unit financial statements), and the Schedule of Projects are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The component unit financial statements and the Schedule of Projects are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining component unit financial statements 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 March 13, 2017, on our consideration of the 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 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 Agency's internal control over financial reporting and compliance.

Respectfully Submitted,

A handwritten signature in black ink that reads "Inero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Inero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
March 13, 2017

# ***CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016**

The Cortland County Industrial Development Agency (the Agency), a component unit of Cortland County, State of New York, was created in 1974 to encourage economic growth in Cortland County.

**Mission:** The Cortland County Industrial Development Agency was created to promote the prosperity of its residents through the creation of jobs (new or retained), recreational, and economic opportunities in Cortland County. The Agency will achieve these goals through the use of various tax incentives provided by the Agency, which shall be proportional to jobs, economic activity projected, or opportunities provided to the citizens (stakeholders) of Cortland County.

The following Management's Discussion and Analysis (MD&A) provides a comprehensive overview of the Agency's financial position as of December 31, 2016, and the result of its operations for the year then ended. Management has prepared the financial statements and related footnote disclosures along with this MD&A. The MD&A should be read in conjunction with the audited financial statements and related footnotes of the Agency, which directly follow the MD&A.

### **FINANCIAL HIGHLIGHTS**

- Total expenses exceeded total revenue by \$35,718 and \$36,078 in 2016 and 2015, respectively.
- Total revenue of \$6,029 in 2016 decreased from revenue of \$13,167 in 2015, as fewer project fees were received in 2016.
- Total expenses of \$41,747 in 2016 decreased from expenses of \$49,245 in 2015, due primarily to expenses related to the Contento property transfer in 2015.
- Net position for the year ended December 31, 2016 amounted to \$511,138, reflecting a decrease of \$(35,718) from net position of \$546,856 at December 31, 2015.

### **OVERVIEW OF THE BASIC FINANCIAL STATEMENTS**

The financial statements of the Cortland County Industrial Development Agency have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

# **CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016**

The basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, a Statement of Cash Flows, and accompanying notes. These statements provide information on the financial position of the Agency and the financial activity and results of its operations during the year. Also included in these statements are the component units of the IDA. The Agency includes two separate legal entities in its report - the Cortland County Agricultural Local Development Corporation and the Cortland County Local Development Corporation. These component units are reported discretely. Although legally separate, these component units are important because the Agency is financially accountable for them and shares the same Board of Directors. The component units do not prepare financial statements. However, financial information for the Cortland County Agricultural Local Development Corporation and the Cortland County Local Development Corporation can be obtained from the Agency's administrative office at 37 Church Street, Cortland, New York 13045. A description of these statements follows:

The Statement of Net Position presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the Agency is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing the change in the Agency's net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses reported in this statement include all items that will result in cash received or disbursed 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, non-capital financing, capital financing, and investing activities.

### **FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE**

The Agency's total net position for fiscal year ended December 31, 2016, decreased \$(35,718). Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the Agency's activities. Certain accounts in the prior-year column have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

# CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

*Figure 1*

<i>Condensed Statement of Net Position</i>	<i>Business-type Activities</i>		<i>Total Dollar Change</i>
	<i>2015</i>	<i>2016</i>	<i>2015 - 2016</i>
<i>Current Assets:</i>			
<i>Cash - Unrestricted</i>	\$ 336,277	\$ 300,238	\$ (36,039)
<i>Prepaid expenses</i>	1,082	1,082	-
<i>Noncurrent Assets:</i>			
<i>Investment Properties</i>	301,653	301,653	-
<b><i>Total Assets</i></b>	<b>639,012</b>	<b>602,973</b>	<b>(36,039)</b>
<i>Current Liabilities:</i>			
<i>Accounts payable</i>	321	-	(321)
<i>Due to BDC</i>	91,835	91,835	-
<b><i>Total Liabilities</i></b>	<b>92,156</b>	<b>91,835</b>	<b>(321)</b>
<i>Net investment in capital assets</i>	301,653	301,653	-
<i>Unrestricted</i>	245,203	209,485	(35,718)
<b><i>Total Net Position</i></b>	<b>\$ 546,856</b>	<b>\$ 511,138</b>	<b>\$ (35,718)</b>

The decrease in cash reflects an excess of expenditures over revenue in 2016. The net effect was a decrease in unrestricted net position of \$(35,718).

Our analysis in *Figure 2* considers the operations of the Agency's activities.

*Figure 2*

<i>Changes in Net Position</i>	<i>Business-type Activities</i>		<i>Total Dollar Change</i>
	<i>2015</i>	<i>2016</i>	<i>2015 - 2016</i>
<i>Operating Revenues:</i>			
<i>Fee income</i>	\$ 7,638	\$ 500	\$ (7,138)
<i>Lease income</i>	5,500	5,500	-
<i>Non-operating Revenues:</i>			
<i>Interest and earnings</i>	29	29	-
<b><i>Total Revenues</i></b>	<b>13,167</b>	<b>6,029</b>	<b>(7,138)</b>
<i>Operating Expenses:</i>			
<i>Contractual expenses</i>	49,245	41,747	(7,498)
<b><i>Total Expenses</i></b>	<b>49,245</b>	<b>41,747</b>	<b>(7,498)</b>
<b><i>(DECREASE) IN NET POSITION</i></b>	<b>\$ (36,078)</b>	<b>\$ (35,718)</b>	<b>\$ (360)</b>



# ***CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016**

Total revenues of the Agency decreased \$(7,138). The decrease in fee income is due to the closure of a large project in 2015. Total expenses of the Agency decreased \$7,498. The decrease in expenses is due to costs associated with the transfer of the Contento property in the prior year.

### **FACTORS BEARING ON THE AGENCY'S FUTURE**

#### **Suit-Kote Corporation Multimodal Rail Project Completed**

Work was completed on the \$466,000 NYSDOT multi-modal project which enabled Suit-Kote Corporation to extend its existing rail line approximately 2,800 feet to access its Town of Cortlandville crushed stone facility. The project facilitated delivery of coarse crushed aggregate to the nearby sand and gravel plant and provides greater efficiency for Suit-Kote, one of the County's top employers. The IDA secured the grant on the behalf of the Company.

#### **Lease/Leaseback Transaction, Crescent Commons**

The IDA approved property and sales tax abatements for the Crescent Commons project, a \$15 million mixed use redevelopment of an historic and vacant 144,000 square-foot manufacturing space on the Cortland's south side.

When complete, Crescent Commons LLC will include 44 market rate loft-style apartment units and four other units serving individuals and families earning below 80% of the area's median income. The project will also include 48,000 square-feet of new commercial space which will include a day care center, a counseling center and a home care services provider.

This project will spur the rejuvenation of an old, largely vacant, and deteriorating manufacturing space, bringing vibrancy and vitality to the neighborhood.

### **CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the Agency's clients, investors, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Cortland County Industrial Development Agency, 37 Church Street, Cortland, New York 13045.

# **CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

## **STATEMENT OF NET POSITION DECEMBER 31, 2016**

	<u>Primary Government</u>	<u>Total Component Units</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash - Unrestricted	\$ 300,238	\$ -
Cash - Restricted	-	8,825
Prepaid expenses	1,082	-
<b>Total Current Assets</b>	<u>301,320</u>	<u>8,825</u>
<b>Noncurrent Assets</b>		
Investments in property	301,653	-
<b>Total Noncurrent Assets</b>	<u>301,653</u>	<u>-</u>
<b>Total Assets</b>	<u>602,973</u>	<u>8,825</u>
<b>LIABILITIES</b>		
Due to BDC	91,835	-
<b>Total Liabilities</b>	<u>91,835</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	301,653	-
Restricted	-	8,825
Unrestricted	209,485	-
<b>Total Net Position</b>	<u>\$ 511,138</u>	<u>\$ 8,825</u>

*See Independent Auditor's Report and Notes to Financial Statements.*

# ***CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY***

## **STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Primary Government</u>	<u>Total Component Units</u>
<b>Operating Revenues</b>		
Fee income	\$ 500	\$ -
Lease income	5,500	-
<b>Total Operating Revenues</b>	<u>6,000</u>	<u>-</u>
<b>Operating Expenses</b>		
Professional and administrative expenses	41,747	2,258
<b>Total Operating Expenses</b>	<u>41,747</u>	<u>2,258</u>
Operating (Loss)	<u>(35,747)</u>	<u>(2,258)</u>
<b>Nonoperating Revenues</b>		
Interest and earnings	29	3
Nonoperating Gain	<u>29</u>	<u>3</u>
(Decrease) in Net Position	(35,718)	(2,255)
Net Position, January 1, 2016	<u>546,856</u>	<u>11,080</u>
<b>Net Position, December 31, 2016</b>	<b>\$ <u>511,138</u></b>	<b>\$ <u>8,825</u></b>

*See Independent Auditor's Report and Notes to Financial Statements.*

# **CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

## **STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2016**

	<b>Primary Government</b>	<b>Total Component Units</b>
<b>Cash Flows from Operating Activities</b>		
Cash received from providing services	\$ 6,000	\$ -
Cash payment - Cortland Business Development Corporation		(8,799)
Cash payments - Contractual expenses	(42,068)	(2,258)
<b>Net Cash (Used) by Operating Activities</b>	<b>(36,068)</b>	<b>(11,057)</b>
<b>Net Cash Provided by Capital and Related Financing Activities</b>	-	-
<b>Net Cash Provided by Financing Activities</b>	-	-
<b>Cash Flows from Investing Activities</b>		
Interest income received	29	3
<b>Net Cash Provided by Investing Activities</b>	29	3
NET DECREASE IN CASH AND CASH EQUIVALENTS	(36,039)	(11,054)
Cash and Cash Equivalents, January 1, 2016	336,277	19,879
<b>Cash and Cash Equivalents, December 31, 2016</b>	<b>\$ 300,238</b>	<b>\$ 8,825</b>
<b>Reconciliation of net operating income to net cash (used) by operating activities</b>		
Operating Expense	\$ (35,747)	\$ (2,258)
<b>Adjustments to reconcile net operating income to net cash (used) by operating activities</b>		
(Decrease) in accounts payable	(321)	(8,799)
<b>Net Cash (Used) by Operating Activities</b>	<b>\$ (36,068)</b>	<b>\$ (11,057)</b>

*See Independent Auditor's Report and Notes to Financial Statements.*

# ***CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016**

### ***Note 1* Summary of Significant Accounting Policies**

The financial statements of the Cortland County Industrial Development Agency (the Agency) have been prepared in conformity with generally accepted accounting principles (GAAP). The more significant of the Agency's accounting policies are described below.

#### **Organization and Purpose**

The Agency was created in 1974 by the New York Legislature under the mandate of Article 18-A, "New York State Industrial Development Agency Act" of New York State municipal law for the purpose of advancing job opportunities, health, general prosperity, and economic welfare of the people of Cortland County. The Agency also works to improve current recreation opportunities, posterity and standard of living. The Agency is exempt from federal, state, and local income taxes. Although established by the Cortland County Board of Representatives, the Agency is a separate entity and operates independently of the County. The Agency is considered a component unit of Cortland County.

#### **Reporting Entity**

The financial reporting entity consists of (a) the primary government which is the Cortland County Industrial Development Agency, (b) organizations for which the primary government is financially accountable, and (c) 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 as set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units" and Statement No. 61, "The Financial Reporting Entity: Omnibus - an amendment of GASB Statement Nos. 14 and 34."

The decision to include a potential component unit in the Agency's reporting entity is based on several criteria set forth in GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units," and Statement No. 61, "The Financial Reporting Entity: Omnibus - an amendment of GASB Statement Nos. 14 and 39," including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following are included as discretely presented component units:

- Cortland County Agricultural Local Development Corporation (Ag Corp) - The Ag Corp was created under Article 14 of New York not-for-profit corporation law to provide and administer agricultural easements in Cortland County. The Ag Corp's Board of Directors is the same as the Agency's Board of Directors.
- Cortland County Local Development Corporation (LDC) - The LDC was created under Article 14 of New York not-for-profit corporation law to administer special community projects for the benefit of Cortland County. The LDC's Board of Directors is the same as the Agency's Board of Directors.

# **CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016**

### **Note 1 Summary of Significant Accounting Policies - Continued**

#### **Basis of Accounting**

The accounts of the Agency are maintained on the accrual basis of accounting.

#### **Cash and Cash Equivalents**

The Agency considers all highly liquid investments having an original maturity of three months or less to be cash equivalents.

#### **Equity Classifications - Statement of Net Position**

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of resources with constraints placed on its use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - Consists of all other resources that do not meet the definition of "restricted."

#### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Related Parties**

Cortland County Business Development Corporation (the BDC) is a private, not-for-profit organization founded in 1992 to attract new business, develop existing business and promote and develop job opportunities in Cortland County. The Executive Director of the BDC acts as the Chief Executive Officer of the Agency; the Chief Finance Officer and Project Development Director of the BDC acts as the Chief Finance Officer and Project Development Director of the Agency; and the Board of Directors of the Agency are all members of the BDC's Board of Directors.

Cortland County Development Corporation (the CDC) is a private, not-for-profit organization founded in 2011 to attract new business, develop existing business and promote and develop job opportunities in Cortland County. The Executive Director of the CDC acts as the Chief Executive Officer of the Agency; the Chief Finance Officer and Project Development Director of the CDC acts as the Chief Finance Officer and Project Development Director of the Agency; and the Board of Directors of the Agency are all members of the CDC's Board of Directors.

# ***CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Capital Assets**

Capital assets are recorded at cost. Depreciation is recorded using the straight-line method over the estimated economic useful life of the respective assets.

#### **Investments in Property**

Investments in property are recorded at cost and consists of land and land improvements held for investment purposes. The land and related improvements are not depreciated.

#### **Revenues**

The Agency first utilizes restricted resources to finance qualifying activities.

#### **Operating Revenues**

Operating revenues of the Agency and its component unit consist of administrative fees. Investment earnings are reported as non-operating revenues.

### ***Note 2* Deposits and Investments**

State statutes govern the Agency's investment policies. In addition, the Agency has its own written investment policy. Agency monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at 105% of all deposits not covered by federal deposit 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 and school districts.

Total bank balances were \$300,826 at December 31, 2016, of which \$250,000 was FDIC insured and \$50,826 was collateralized with securities held by the Agency's agent in the Agency's name. Carrying value of deposits at December 31, 2016 totaled \$300,238.

Component unit bank balances totaled \$8,825 at December 31, 2016 and were entirely insured.

# CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016

### **Note 3 Capital Assets**

At December 31, 2016, the Agency's capital assets consisted of the following:

Office Equipment	\$	5,909
Less: Accumulated Depreciation		<u>(5,909)</u>
<b>Net Capital Assets</b>	<b>\$</b>	<b><u>          -</u></b>

The Agency did not incur any depreciation expense for the year ended December 31, 2016.

### **Note 4 Investments in Properties**

At December 31, 2016, the Agency held investments in two properties with a combined value of \$301,653.

The Agency maintains railroad property which it leases to New York, Susquehanna and Western Railway Corporation (see Note 6). The value of the land at December 31, 2016 was \$209,818.

During 2015, Contento Redevelopment Local Development Corporation, Ltd., formerly a component unit of the Agency was dissolved and a related parcel of land was transferred to the Agency with a cost of \$91,835 at December 31, 2016.

### **Note 5 Payments in Lieu of Tax**

During the time in which property is leased to a company, the property is exempt from taxes other than special and valorem levies and special assessments. However, the Agency enters into Payment in Lieu of Tax (PILOT) agreements wherein the company is required to make annual payments to the County local municipalities, and school districts.

In 2016, \$381,844 was received in PILOTS compared to the \$874,295 which would have been received if businesses paid taxes in full. Abatements totaled \$492,451.

### **Note 6 Leases**

On April 15, 1982, a 30 year land lease was signed with New York, Susquehanna and Western Railway Corporation for the lease of rail owned by the Agency. The lease amount was \$500 per year. Per resolution dated December 10, 2012, the Agency extended the agreement an additional 10 years to December 31, 2023 stipulating annual lease payments of \$1,500.

In addition, the Agency leases three billboards to an advertising firm for \$4,000 a year, per an agreement dated October 18, 2011 and effective January 1, 2012 through December 31, 2022.



# ***CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2016**

### ***Note 7* Related Party Transactions**

During 2015, Contento Redevelopment LDC, Ltd (Contento), a component unit of the Agency, was dissolved and the related property asset and liabilities were transferred to the Agency. Prior to its dissolution, the BDC had paid and Contento had owed \$91,835 in expenses related to the property asset. At December 31, 2016 the Agency owed BDC \$91,835. This amount is expected to be paid to BDC upon sale of the property.

During 2016, the Ag Corp, a component unit of the Agency, repaid an amount previously owed to the BDC of \$8,799.

During 2014, the Agency entered into an administrative service agreement with the Cortland County Business Development Corporation (the Corporation). Under this agreement, the Agency agreed to pay the Corporation \$25,000 annually for administrative services commencing January 1, 2014. The agreement renews automatically unless terminated. Under the agreement, the Agency paid the Corporation \$25,000 for the year ending December 31, 2016.





## **CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

### **SCHEDULE OF PROJECTS DECEMBER 31, 2016**

<b>Project Name</b>	<b>Project #</b>	<b>Purpose</b>	<b>Sales Tax Exemptions</b>	<b>Mortgage Tax Exemptions</b>	<b>Payments in Lieu of Taxes</b>	<b>Property Taxes if not Exempt</b>	<b>Total Exemptions</b>	<b>Jobs Before @ 12/31</b>
Clocktower Project	1101-10-04	Property Development	\$ N/A	\$ N/A	\$ 26,176	\$ 41,935	\$ 15,759	0/27
Cortland Crown Homes	1101-07-01	Construction	N/A	N/A	16,283	58,409	42,126	N/A
Cortland Commerce Center, LLC	1101-10-01	Property Development	N/A	N/A	93,000	148,771	55,771	196/188
Cortland Plastics	1101-10-02	Manufacturing	N/A	N/A	56,227	53,199	(3,028)	39/56
C'ville, LLC	1101-13-02	Manufacturing		N/A	69,231	208,250	139,019	0/89
Greek Peak Holdings	1101-13-03	Tourism		N/A	N/A		N/A	75/103
Greek Peak Holdings	1101-15-01	Tourism	1,887	N/A	N/A	N/A	N/A	N/A
Northeast Transformer	1101-13-01	Manufacturing	N/A	N/A	17,823	50,922	33,099	37/53
Forkey Construction & Fabrication	1101-14-01	Manufacturing	N/A	N/A	16,602	66,658	50,056	83/109
Pyrotek, Inc.	1101-11-02	Manufacturing	N/A	N/A	61,685	61,685		42/116
Sky Hospitality	1101-12-02	Tourism	N/A	N/A	12,562	97,971	85,409	0/11
Suit-kote Corp.	1101-12-01	Construction	N/A	N/A	12,255	86,495	74,240	210/266
			<u>\$ 1,887</u>	<u>\$ -</u>	<u>\$ 381,844</u>	<u>\$ 874,295</u>	<u>\$ 492,451</u>	<u>682/1018</u>

\*Jobs Before Column = The number of employees before the project to the left; total current employees retained to the right.

*See Independent 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 of  
Cortland County Industrial Development Agency  
Cortland, 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 business-type activities and the aggregate discretely presented component units of the Cortland County Industrial Development Agency (the Agency), a component unit of the County of Cortland, New York, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 13, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Agency’s internal control over financial reporting (internal control) to determine 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 Agency’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Agency’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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

**Compliance and Other Matters**

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

Respectfully Submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
March 13, 2017