

# **CORTLAND COUNTY DEVELOPMENT CORPORATION**

**Cortland, New York**

**FINANCIAL REPORT**

**December 31, 2017 and 2016**



# ***CORTLAND COUNTY DEVELOPMENT CORPORATION***

## **TABLE OF CONTENTS DECEMBER 31, 2017 and 2016**

Independent Auditor's Report .....	1-2
Basic Financial Statements:	
Statements of Net Position .....	3
Statements of Activities .....	4
Statements of Cash Flows .....	5
Notes to Financial Statements .....	6-7
Supplementary Information:	
Schedule of Conduit Debt - PILOT Increment Financing .....	8
Report Required Under <i>Government Auditing Standards</i> :	
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 <i>Government Auditing Standards</i> .....	9-10

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Cortland County Development Corporation  
Cortland, New York

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

We have audited the accompanying financial statements of Cortland County Development Corporation (the Corporation), a non-profit corporation, which comprise the Statements of Net Position as of December 31, 2017 and 2016, and the related Statements of Activities and Cash Flows for the years then ended, and the related notes to the financial statements.

### ***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 audits. We conducted our audits 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 audits 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 opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cortland County Development Corporation as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Other Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Conduit Debt - PILOT Increment Financing on page 8 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2018 on our consideration of the Cortland County Development Corporation'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 Corporation's internal control over financial reporting and compliance.

Respectfully Submitted,



Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
February 26, 2018

# ***CORTLAND COUNTY DEVELOPMENT CORPORATION***

## **STATEMENTS OF NET POSITION DECEMBER 31,**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash - Unrestricted	\$ <u>156,001</u>	\$ <u>156,855</u>
<b>Total Assets</b>	\$ <u><u>156,001</u></u>	\$ <u><u>156,855</u></u>
<b>LIABILITIES AND NET POSITION</b>		
<b>Total Liabilities</b>	\$ <u>-</u>	\$ <u>-</u>
<b>Net Position</b>		
Unrestricted	<u>156,001</u>	<u>156,855</u>
<b>Total Net Position</b>	\$ <u><u>156,001</u></u>	\$ <u><u>156,855</u></u>

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

# ***CORTLAND COUNTY DEVELOPMENT CORPORATION***

## **STATEMENTS OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31,**

	<u>2017</u>	<u>2016</u>
<b>Support and Revenue</b>		
Interest and earnings	\$ <u>121</u>	\$ <u>119</u>
<b>Total Support and Revenue</b>	<u>121</u>	<u>119</u>
<b>Expenses</b>		
Professional and administrative expenses	<u>975</u>	<u>805</u>
<b>Total Expenses</b>	<u>975</u>	<u>805</u>
<b>CHANGE IN NET ASSETS</b>	<u>(854)</u>	<u>(686)</u>
Unrestricted Net Assets, January 1,	<u>156,855</u>	<u>157,541</u>
<b>Unrestricted Net Assets, December 31,</b>	<u><u>\$ 156,001</u></u>	<u><u>\$ 156,855</u></u>

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

# ***CORTLAND COUNTY DEVELOPMENT CORPORATION***

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

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ <u>(854)</u>	\$ <u>(686)</u>
<b>Net Cash Used by Operating Activities</b>	<u>(854)</u>	<u>(686)</u>
<b>Cash Flows from Investing Activities</b>	<u>-</u>	<u>-</u>
<b>Cash Flows from Financing Activities</b>	<u>-</u>	<u>-</u>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(854)</b>	<b>(686)</b>
Cash and Cash Equivalents, January 1,	<u>156,855</u>	<u>157,541</u>
<b>Cash and Cash Equivalents, December 31,</b>	<b>\$ <u><u>156,001</u></u></b>	<b>\$ <u><u>156,855</u></u></b>

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

# **CORTLAND COUNTY DEVELOPMENT CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 and 2016**

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

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

#### **Organization and Purpose**

The Corporation was formed for the purpose of encouraging economic growth in Cortland County during 2011 under Article 14 of the New York not-for-profit corporation law. Because New York State has legislated industrial development agencies can no longer serve not for profit entities, the Corporation will serve that segment of the economy in Cortland County. Although established by the Cortland County Board of Representatives, the Corporation is a separate entity and operates independently of the County.

#### **Basis of Accounting**

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

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

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

#### **Net Assets**

The Corporation complies with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 "Not-for-Profit Entities." Under FASB 958, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

At December 31, 2017 and 2016, the Corporation did not have any temporarily or permanently restricted net assets.

#### **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.

#### **Support and Revenue**

Operating revenues of the Corporation consist of administrative fees and interest income.

#### **Tax Status**

The Corporation is recognized as exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code.



# **CORTLAND COUNTY DEVELOPMENT CORPORATION**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 and 2016**

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

#### **Evaluation of Subsequent Events**

The Corporation has evaluated events and transactions for potential recognition or disclosure through February 26, 2018, the date which the financial statements were available to be issued.

### ***Note 2* Concentration of Credit Risk**

The Corporation maintains its cash balances at one financial institution. From time to time, the Corporation may have bank balances in excess of Federal Deposit Insurance Corporation insurance limits.

### ***Note 3* Industrial Revenue Bond and Note Transactions**

Certain industrial development revenue bonds and notes issued by the Corporation are secured by property leased to companies and retired by lease payments. The bonds and notes are not obligations of the Corporation or state. The Corporation does not record the assets or liabilities resulting from completed bond and note issues in its accounts, as its primary function is to arrange financing between the borrowing companies and the bond and note holders; funds arising therefrom are controlled by trustees or banks acting as fiscal agents. For providing this service, the Corporation receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and notes.

At December 31, 2017 and 2016, the outstanding value of bonds and notes issued through Cortland County Development Corporation, aggregated \$17,530,000 and \$18,515,000, respectively. See the Schedule of Conduit Debt - PILOT Increment Financing on page 8.

### ***Note 4* 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 Corporation; the Chief Finance Officer and Project Development Director of the BDC acts as the Chief Finance Officer and Project Development Director of the Corporation; and members of Board of Directors of the Corporation are also members of the BDC's Board of Directors.

Cortland County Industrial Development Agency (the Agency) was created for the purpose of advancing job opportunities, health, general prosperity, and economic welfare of the people of Cortland County in 1974. The members of the Board of Directors of the Corporation are also members of the Agency's Board of Directors.

### ***Note 5* Subsequent Event**

Subsequent to year end, the Cortland Regional Medical Center was awarded a grant to extinguish the outstanding balance of the bonds presented on the Schedule of Conduit Debt - PILOT Incremental Financing on page 8.

# ***CORTLAND COUNTY DEVELOPMENT CORPORATION***

## **SCHEDULE OF CONDUIT DEBT - PILOT INCREMENTAL FINANCING DECEMBER 31, 2017 and 2016**

	<u>Month and Year</u>	<u>Current Interest Rate</u>	<u>Outstanding 12/31/2016</u>	<u>Issued During Fiscal Year</u>	<u>Paid During Fiscal Year</u>	<u>Outstanding 12/31/2017</u>	<u>Final Maturity</u>
Cortland Regional Medical Center	2/2013	2.78%-4.12%	\$ 18,515,000	\$ -	\$ 985,000	\$ 17,530,000	7/2032
<b>TOTAL</b>			<b>\$ 18,515,000</b>	<b>\$ -</b>	<b>\$ 985,000</b>	<b>\$ 17,530,000</b>	

	<u>Month and Year</u>	<u>Current Interest Rate</u>	<u>Outstanding 12/31/2015</u>	<u>Issued During Fiscal Year</u>	<u>Paid During Fiscal Year</u>	<u>Outstanding 12/31/2016</u>	<u>Final Maturity</u>
Cortland Regional Medical Center	2/2013	2.78%-4.12%	\$ 19,470,000	\$ -	\$ 955,000	\$ 18,515,000	7/2032
<b>TOTAL</b>			<b>\$ 19,470,000</b>	<b>\$ -</b>	<b>\$ 955,000</b>	<b>\$ 18,515,000</b>	

*See Independent Auditor's Report and Note 3 to Financial Statements.*

**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***

Board of Directors  
Cortland County Development Corporation  
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 Cortland County Development Corporation (the Corporation), which comprise the Statement of Net Position as of December 31, 2017, and the related Statements of Activities and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 26, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Corporation'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation'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 Corporation'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 Corporation'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  
February 26, 2018