

**CHENANGO COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY**

**Norwich, New York**

**FINANCIAL REPORT**

**For the Year Ended  
December 31, 2020**



# CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on Financial Statements**

We have audited the accompanying financial statements of the Chenango County Industrial Development Agency (the Agency), a component unit of the County of Chenango, New York, as of and for the years ended December 31, 2020 and 2019, 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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions 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 auditors' 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 respective financial position of the Chenango County Industrial Development Agency as of December 31, 2020 and 2019, 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.

### ***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 4-4d 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 Schedule of Projects is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The Schedule of Projects is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Schedule of Projects is fairly stated in all material respects in relation to the basic financial statements as a whole.

#### ***Prior Year Financial Statements***

The financial statements of the Chenango County Industrial Development Agency as of December 31, 2019 and for the year then ended were audited by other auditors whose report dated March 30, 2020 expressed an unmodified opinion on those statements.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2021, 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 the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

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  
April 6, 2021

# ***CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020**

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

**Mission:** The Chenango County Industrial Development Agency was created to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial, research and recreation facilities including industrial pollution control facilities, educational or cultural facilities, railroad facilities, and continuing care retirement communities. To provide financial assistance and thereby advance the job opportunities, health, general prosperity and economic welfare of the people of the county of Chenango and to improve their recreation opportunities, prosperity and standard of living.

The following Management's Discussion and Analysis (MD&A) provides a comprehensive overview of the Agency's financial position as of December 31, 2020 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 cash of \$701,762 in 2020 decreased from cash of \$775,622 in 2019. As noted below, the primary cause of the decrease was due to a decrease in accounts payable and the result of operations.
- Total revenue of \$45,438 in 2020 increased from revenue of \$42,480 in 2019, primarily as a result of the increase in grant income.
- Total expenses of \$139,873 in 2020 decreased from expenses of \$145,038 in 2019, primarily due to a decrease in Software, Equipment, and Utilities expenses.
- Net position for the year ended December 31, 2020 amounted to \$1,361,908 reflecting a decrease of \$94,435 from net position of \$1,456,343 at December 31, 2019.

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

The financial statements of the Chenango 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).

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. A description of the Agency's financial 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.

# **CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020**

- 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**

Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the Agency's activities.

*Figure 1*

<i>Condensed Statement of Net Position</i>	<i>The Agency</i>			<i>Total Dollar Change</i>
	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2019-2020</i>
<i>Current Assets:</i>				
<i>Cash and Cash Equivalents</i>	\$ 385,095	\$ 775,622	\$ 701,762	\$ (73,860)
<i>Accounts Receivable</i>	473,096	-	-	-
<i>Prepaid Expenses</i>	4,313	4,498	4,424	(74)
<i>Current Lease Receivable, Current, Net</i>	4,651	4,680	4,878	198
<b><i>Total Current Assets</i></b>	<b>867,155</b>	<b>784,800</b>	<b>711,064</b>	<b>(73,736)</b>
<i>Noncurrent Assets:</i>				
<i>Capital Leases Receivables - Noncurrent Portion</i>	34,189	29,509	25,022	(4,487)
<i>Land and Non-Depreciable Capital Assets</i>	238,000	238,000	238,000	-
<i>Depreciable Capital Assets, Net</i>	443,240	416,556	389,872	(26,684)
<b><i>Total Assets</i></b>	<b>1,582,584</b>	<b>1,468,865</b>	<b>1,363,958</b>	<b>(104,907)</b>
<i>Current Liabilities:</i>				
<i>Accounts Payable and Accrued Liabilities</i>	14,451	12,522	2,050	(10,472)
<b><i>Total Current Liabilities</i></b>	<b>14,451</b>	<b>12,522</b>	<b>2,050</b>	<b>(10,472)</b>
<i>Noncurrent Liabilities:</i>				
<i>Unearned Revenue</i>	9,232	-	-	-
<b><i>Total Liabilities</i></b>	<b>23,683</b>	<b>12,522</b>	<b>2,050</b>	<b>(10,472)</b>
<i>Net Investment in Capital Assets</i>	681,240	654,556	627,872	(26,684)
<i>Unrestricted</i>	877,661	801,787	734,036	(67,751)
<b><i>Total Net Position</i></b>	<b>\$ 1,558,901</b>	<b>\$ 1,456,343</b>	<b>\$ 1,361,908</b>	<b>\$ (94,435)</b>

### **Comparison of 2020 to 2019**

The decrease in cash relates to a decrease in accounts payable and current operations. The decrease in capital assets, net, is due to the increase in accumulated depreciation based on useful lives.

The decrease in accounts payable is largely due to payments being made more timely.

The decrease in net investment in capital assets is mainly due to the increase in accumulated depreciation based on useful lives.

The net effect was a decrease in total net position of \$94,435.

# CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY

## MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020

### Comparison of 2019 to 2018

The increase in cash relates to the decrease in accounts receivable. The decrease in accounts receivable is due to an adjustment for NYS DOT Grant and EDA Reimbursement. The decrease in capital assets, net, is due to the increase in accumulated depreciation based on the useful lives of assets.

The decrease in accounts payable is due to an amount received from an organization to pay legal fees related to a project from 2017.

The decrease in net investment in capital assets is mainly due to the increase in accumulated depreciation based on the useful lives of assets.

The net effect was a decrease in total net position of \$102,558.

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

*Figure 2*

<i>Changes in Net Position</i>	<i>The Agency</i>			<i>Total Dollar Change</i>
	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2019-2020</i>
<i>Operating Revenues:</i>				
<i>Project Fees</i>	\$ 37,476	\$ 28,241	\$ 28,241	\$ -
<i>Rental Income</i>	46,610	6,986	5,400	(1,586)
<i>Non-Operating Revenues</i>	357,150	7,253	11,797	4,544
<b><i>Total Revenues</i></b>	<b>441,236</b>	<b>42,480</b>	<b>45,438</b>	<b>2,958</b>
<i>Operating Expenses:</i>				
<i>Administrative and Support Fees</i>	75,000	75,000	75,000	-
<i>Advertising and Marketing Expense</i>	681	550	2,853	2,303
<i>Depreciation</i>	26,684	26,684	26,684	-
<i>Repairs and Maintenance</i>	6,503	4,852	6,448	1,596
<i>Other Project Fees</i>	5,488	2,599	-	(2,599)
<i>Legal and Professional Fees</i>	7,190	9,373	7,150	(2,223)
<i>Insurance</i>	7,601	7,481	7,591	110
<i>PILOT</i>	2,250	2,250	2,250	-
<i>Office and Miscellaneous Expense</i>	1,488	4,621	3,412	(1,209)
<i>Travel and Training</i>	1,750	485	257	(228)
<i>Utilities</i>	4,093	9,854	7,505	(2,349)
<i>Rental Expense</i>	1,184	1,212	723	(489)
<i>Non-Operating Expenses:</i>				
<i>Grant Expense</i>	356,786	77	-	(77)
<b><i>Total Expenses</i></b>	<b>496,698</b>	<b>145,038</b>	<b>139,873</b>	<b>(4,352)</b>
<b><i>Change in Net Position</i></b>	<b>\$ (55,462)</b>	<b>\$ (102,558)</b>	<b>\$ (94,435)</b>	<b>\$ 8,123</b>

# **CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020**

### **Comparison of 2020 to 2019**

Total revenues of the Agency increased \$2,958. The increase is due to an increase in non-operating revenues.

Total expenses of the Agency decreased \$4,352. The decrease in expenses is due to a decrease in Other Project Fees, Legal and Professional Fees, and Utilities.

### **Comparison of 2019 to 2018**

Total revenues of the Agency decreased \$398,756. The decrease is due to no rental income from Chentronics.

Total expenses of the Agency decreased \$351,660. The decrease is due to the reduction of grant expense.

## **CAPITAL ASSETS**

### **Capital Assets**

During 2020, the Capital Assets total balance was \$627,872. This amount represents a net decrease (including additions, deletions, and depreciation) of \$26,684 compared to last year, due to an increase in accumulated depreciation based on useful lives.

During 2019, the Capital Assets total balance was \$654,556. This amount represents a net decrease (including additions, deletions, and depreciation) of \$26,684 compared to last year.

*Figure 3*

	<i>The Agency</i>			<i>Total Dollar Change</i>
	<i>2018</i>	<i>2019</i>	<i>2020</i>	<i>2019-2020</i>
<i>Land - Earl B. Clark</i>	\$ 238,000	\$ 238,000	\$ 238,000	\$ -
<i>Building- Incubator</i>	984,748	984,748	984,748	-
<i>Accumulated Depreciation</i>	(541,508)	(568,192)	(594,876)	(26,684)
<b><i>Totals</i></b>	<b>\$ 681,240</b>	<b>\$ 654,556</b>	<b>\$ 627,872</b>	<b>\$ (26,684)</b>

# ***CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2020**

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

The COVID-19 pandemic shed light on inequities throughout Chenango County, but also spotlighted some opportunities (2021+):

#### **1. *Green Initiatives:***

The Climate Leadership and Community Protection Act of 2019 establishes certain emission reduction limits as well as additional goals to address climate change. These requirements and goals include:

- Limit statewide greenhouse gas emissions to 40% of 1990 levels by 2030 and 85% by 2050
- A plan to achieve net zero greenhouse gas emissions across New York State's economy
- 70% renewable electricity by 2030
- 100% zero emission electricity by 2040

The Chenango County IDA (Industrial Development Agency) has seen a significant increased number of solar and wind projects in Chenango County. The Chenango County IDA approved one (1) project in Norwich in 2018, one (1) project in the Town of Greene in 2020, one (1) project in North Norwich in 2021, and has multiple proposals that they expect to become full applications in 2021 and 2022.

There are currently no wind energy projects, but on March 11, 2021 the New York State Board on Electric Generation Siting and the Environment approved a environmental study for a wind project in the Town of Guilford. The CCIDA expects a PILOT application in 2021 for the project, however it is unclear what the final outcome will be.

#### **2. *Railroad:***

The CCIDA, is working with FEMA and the NYS&W Railway on improvements needed to the 42 miles of track throughout Chenango County. In the previous report, it was noted that an effort was being made to bring the rail back online after washouts in 2006. This project was completed in 2019, and in the fall of 2019 another series of washouts occurred, putting an immediate stop to the use of the track once again.

In addition it was discovered that some of the bridges in Chenango County were unpassable by the train, and these needed improvements were not part of the EDA application or improvements. Currently the Chenango County IDA is working with FEMA on an application to address the October 31, 2019 washouts, and working with NYS&W to determine any possible next steps to bringing the rail back online, and/or pursuing other opportunities.

### **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 demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chenango County Industrial Development Agency, 19 Eaton Ave, Norwich, New York 13815.

# CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY

## STATEMENTS OF NET POSITION DECEMBER 31,

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 701,762	\$ 775,622
Prepaid Expenses	4,424	4,498
Current Lease Receivables - Current Portion	<u>4,878</u>	<u>4,680</u>
<b>Total Current Assets</b>	<u>711,064</u>	<u>784,800</u>
<b>Noncurrent Assets</b>		
Capital Leases Receivable - Noncurrent Portion	25,022	29,509
Land and Non-Depreciable Capital Assets	238,000	238,000
Depreciable Capital Assets, Net	<u>389,872</u>	<u>416,556</u>
<b>Total Noncurrent Assets</b>	<u>652,894</u>	<u>684,065</u>
<b>Total Assets</b>	<u>1,363,958</u>	<u>1,468,865</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts Payable and Accrued Liabilities	<u>2,050</u>	<u>12,522</u>
<b>Total Current Liabilities</b>	<u>2,050</u>	<u>12,522</u>
<b>Total Liabilities</b>	<u>2,050</u>	<u>12,522</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	627,872	654,556
Unrestricted	<u>734,036</u>	<u>801,787</u>
<b>Total Net Position</b>	<u>\$ 1,361,908</u>	<u>\$ 1,456,343</u>

*See Notes to Financial Statements*

# CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31,

	<u>2020</u>	<u>2019</u>
<b>Operating Revenues</b>		
Project Fees	\$ 28,241	\$ 28,241
Rental Income	<u>5,400</u>	<u>6,986</u>
<b>Total Operating Revenues</b>	<u>33,641</u>	<u>35,227</u>
<b>Operating Expenses</b>		
Administrative and Support Fees	75,000	75,000
Advertising and Marketing Expense	2,853	550
Depreciation	26,684	26,684
Repairs and Maintenance	6,448	4,852
Other Project Fees	-	2,599
Legal and Professional Fees	7,150	9,373
Insurance	7,591	7,481
PILOT	2,250	2,250
Office and Miscellaneous Expense	3,412	4,621
Travel and Training	257	485
Utilities	7,505	9,854
Rental Expense	<u>723</u>	<u>1,212</u>
<b>Total Operating Expenses</b>	<u>139,873</u>	<u>144,961</u>
Operating Gain (Loss)	<u>(106,232)</u>	<u>(109,734)</u>
<b>Non-Operating Revenues (Expenses)</b>		
Grant Income	7,933	6,003
Interest Income	1,223	1,250
Miscellaneous Income	2,641	-
Grant Expense	<u>-</u>	<u>(77)</u>
<b>Total Non-Operating Revenues (Expenses)</b>	<u>11,797</u>	<u>7,176</u>
Change in Net Position	<b>(94,435)</b>	<b>(102,558)</b>
Net Position, January 1,	<u>1,456,343</u>	<u>1,558,901</u>
<b>Net Position, December 31,</b>	<u><b>\$ 1,361,908</b></u>	<u><b>\$ 1,456,343</b></u>

*See Notes to Financial Statements*

# **CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

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

	<b>2020</b>	<b>2019</b>
<b>Cash Flows From Operating Activities</b>		
Cash Received from Rents and Fees	\$ 33,641	\$ 35,227
Cash Payments - Contractual Expenses	<u>(123,587)</u>	<u>(123,214)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><b>(89,946)</b></u>	<u><b>(87,987)</b></u>
<b>Net Cash From Non-Capital and Related Financing Activities</b>		
Principal Payments Received on Capital Lease	4,289	4,651
Net Grants Received (Expended)	<u>10,574</u>	<u>472,613</u>
<b>Net Cash Provided (Used) by Non-Capital and Related Financing Activities</b>	<u><b>14,863</b></u>	<u><b>477,264</b></u>
<b>Cash Flows From Investing Activities</b>		
Interest and Earnings	<u>1,223</u>	<u>1,250</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u><b>1,223</b></u>	<u><b>1,250</b></u>
Net Change in Cash and Cash Equivalents	<b>(73,860)</b>	390,527
Cash and Cash Equivalents, January 1,	<u>775,622</u>	<u>385,095</u>
<b>Cash and Cash Equivalents, December 31,</b>	<u><b>\$ 701,762</b></u>	<u><b>\$ 775,622</b></u>
Operating Loss	<b>\$ (106,232)</b>	<b>\$ (109,734)</b>
Adjustments to Reconcile Net Operating Loss to Net Cash Provided (Used) by in Operating Activities:		
Depreciation Expense	26,684	26,684
Changes in Assets and Liabilities:		
(Increase) Decrease in Prepaid Expenses	74	(185)
(Decrease) Increase Accounts Payable and Accrued Liabilities	<u>(10,472)</u>	<u>(4,752)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><b>\$ (89,946)</b></u>	<u><b>\$ (87,987)</b></u>

*See Notes to Financial Statements*

# ***CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

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

The financial statements of Chenango County Industrial Development Agency (the Agency) have been prepared in conformity with generally accepted accounting principles (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing U.S GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Agency's accounting policies are described below.

#### **Financial Reporting Entity**

The Agency was created in 1975 by the New York State 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 Chenango 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 Chemung County legislature, the Agency is a separate entity and operates independently of the County. The Agency is considered a component unit of Chemung County.

The financial reporting entity consists of (a) the primary government which is the 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 GASB Statement No. 14, "The Financial Reporting Entity," as amended.

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.

#### **Basis of Accounting**

The accounts of the Agency are maintained on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned. Expenses are recorded when the liability is incurred.

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

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

#### **Capital Assets**

All capital asset purchases are recorded at historical cost or fair market value at the date of acquisition. Depreciation is recorded on a straight-line basis over the assets' estimated useful life of five to 40 years. The Agency's policy is to capitalize all additions greater than \$1,000 with a useful life of more than one year.

# ***CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

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

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

- Net Investment in Capital Assets - Consists of capital assets (including restricted capital assets), net of accumulated depreciation, 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 net 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 “net investment in capital assets” or “restricted.”

#### **Fee Income, Grant, and Contract Support**

The Agency charges a service fee for each project, the proceeds of which are intended to offset Agency expenses and fund continuing operations.

#### **Non-Operating Revenues**

Non-operating activities include grant income, gains or losses on disposal of capital assets and investment income.

#### **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 to disclose contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### ***Note 2* Deposits**

Agency monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. The Treasurer is authorized to use demand accounts and certificates of deposit.

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 of the Agency of \$701,762 and \$776,894 at December 31, 2020 and 2019 were covered by FDIC insurance up to \$250,000. As of December 31, 2020 and 2019, all deposits with financial institutions were either insured or collateralized with securities held by the pledging financial institution in the Agency’s name.

# **CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

**Note 3 Capital Lease**

The Agency purchased property in Bainbridge, New York, in September 2016 for \$47,294, the amount of delinquent taxes due to Chenango County through 2016. Starting in February 2017, this property is being leased to a business for a 10-year period for \$407 a month with an option to purchase the property from the Agency at the end of the lease term for \$1.

Future minimum lease payments to be received as of December 31, are as follows:

2021	\$	4,878
2022		4,878
2023		4,878
2024		4,878
Thereafter		10,388
<b>Total</b>	<b>\$</b>	<b>29,900</b>

**Note 4 Capital Assets**

At December 31, 2020, the Agency's capital assets consisted of the following:

	<b>Balance 12/31/2019</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance 12/31/2020</b>
<b>Non-Depreciable Capital Assets</b>				
Land - Earl B. Clark	\$ 238,000	\$	\$	\$ 238,000
<b>Total Non-Depreciable Capital Assets</b>	238,000	-	-	238,000
<b>Depreciable Capital Assets</b>				
Building - Incubator	683,506			683,506
Improvements Buildings	240,401			240,401
Improvements Property Development	60,841			60,841
<b>Total Depreciable Capital Assets</b>	984,748	-	-	984,748
<b>Total Historical Cost</b>	1,222,748	-	-	1,222,748
<b>Less Accumulated Depreciation</b>				
Building - Incubator	(511,143)	(18,855)		(529,998)
Improvements Buildings	(14,171)	(1,379)		(15,550)
Improvements Property Development	(42,878)	(6,450)		(49,328)
<b>Total Accumulated Depreciation</b>	(568,192)	(26,684)	-	(594,876)
<b>Total Capital Assets, Net</b>	<b>\$ 654,556</b>	<b>\$ (26,684)</b>	<b>\$ -</b>	<b>\$ 627,872</b>

# CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

**Note 4 Capital Assets - Continued**

At December 31, 2019, the Agency's capital assets consisted of the following:

	<b>Balance 12/31/2018</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance 12/31/2019</b>
<b>Non-Depreciable Capital Assets</b>				
Land - Earl B. Clark	\$ 238,000	\$	\$	\$ 238,000
<b>Total Non-Depreciable Capital Assets</b>	238,000	-	-	238,000
<b>Depreciable Capital Assets</b>				
Building - Incubator	683,506			683,506
Improvements Buildings	240,401			240,401
Improvements Property Development	60,841			60,841
<b>Total Depreciable Capital Assets</b>	984,748	-	-	984,748
<b>Total Historical Cost</b>	1,222,748	-	-	1,222,748
<b>Less Accumulated Depreciation</b>				
Building - Incubator	(492,288)	(18,854)		(511,142)
Improvements Buildings	(12,792)	(1,380)		(14,172)
Improvements Property Development	(36,428)	(6,450)		(42,878)
<b>Total Accumulated Depreciation</b>	(541,508)	(26,684)	-	(568,192)
<b>Total Capital Assets, Net</b>	<b>\$ 681,240</b>	<b>\$ (26,684)</b>	<b>\$ -</b>	<b>\$ 654,556</b>

Depreciation expense amounted to \$26,684 for each of the years ended December 31, 2020 and 2019.

**Note 5 Grant Revenue**

Grant revenue was recognized and included the following at December 31,:

	<b>2020</b>	<b>2019</b>
Railroad Revitalization Project:		
EDA	\$ -	\$ 1,289
NYS DOT	-	149
Other Local Services	7,933	4,565
<b>Total Grant Revenue</b>	<b>\$ 7,933</b>	<b>\$ 6,003</b>

# CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

### *Note 6*    **Lease Obligations**

In May 1990, the Agency entered into a 99-year lease agreement with Chenango County, for the rental of 1.59 acres at the Lt. Warren Eaton Airport. The Agency may terminate this lease upon 12 months written notice to the County. As of the date of issuance of the audit report, no such notice has been given to the County. An industrial incubator building was constructed on this property by the Agency which has been subleased by a manufacturing company. As of December 31, 2020 and 2019, rent expense for the industrial incubator building amounts to and, respectively. Each year, the annual rent is calculated by multiplying the prior year rent expense by the Consumer Price Index (CPI) for the Binghamton, New York region. Future minimum lease payments based on the currently available CPI are estimated as follows:

2021	\$	739
2022		749
2023		759
2024		769
Thereafter		<u>78,819</u>
<b>Total</b>	<b>\$</b>	<b><u><u>81,835</u></u></b>

### *Note 7*    **Payment in Lieu of Taxes**

In January 1999, the Agency entered into an agreement with the Town of North Norwich for Payment Lieu of Taxes (PILOT) for the rental of the Earl B. Clark Park.

The Agency is required to make an annual PILOT to the Town of North Norwich in the amount of \$2,000. The agreement remains in effect while the Agency is the holder of title to all or a portion of the property, and all annual tax payments and/or PILOT made by all third-party owners, lessees, licenses, or occupants of the premise total less than \$2,000 per year. Any payments made by the aforementioned parties, if any, would reduce the annual amount due from the Agency.

### *Note 8*    **Litigation**

Per legal counsel, the Agency has been notified by the NYS Department of Environmental Conservation that certain land of the New York Western and Susquehanna Railway Corporation (the "Corporation") located in the City of Norwich may be the source of environmental contamination that is possibly posing a health risk to surrounding properties. Under the written lease agreement between the Agency and the Corporation, the Corporation is required to defend, indemnify, save and hold harmless the Agency from and against any and all suits, claims, judgements, damages arising out of the same. The Corporation is aware of the situation and has acknowledged its obligations to defend and indemnify the Agency.

# ***CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020**

***Note 9***      **Related Party and Administrative and Service Agreement**

On January 1, 2013, the Agency entered into an agreement with the Development Chenango Corporation (DCC) and Commerce Chenango (the “Chamber”) to pay for administrative and support services. The Chamber is providing services to both the Agency and DCC. The Agency is required to pay DDC \$6,250 per month for years ended December 31, 2020 and 2019. This covers their share of the services provided. Under this agreement the Agency paid \$75,000 for years ended December 31, 2020 and 2019, respectively.

The son of the president of the Agency is employed by the Chamber as Economic Coordinator.

Two board members of the Agency are also members of the Chenango County legislature.

***Note 10***      **Economic Uncertainty-COVID-19**

In March 2020, the COVID-19 coronavirus outbreak was declared a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Agency operates. Although there is still uncertainty, the Agency feels that it will be able to maintain operations in a fiscally sound manner.

# **CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

## **SCHEDULE OF PROJECTS DECEMBER 31, 2020**

<u>Project Name</u>	<u>Exemption Period</u>	<u>Purpose</u>	<u>Sales Tax Cap</u>	<u>Sales Tax Exemptions</u>	<u>Mortgage Tax Exemptions</u>	<u>Payments in Lieu of Taxes</u>	<u>Property Taxes if Not Exempt</u>	<u>Total Exemptions</u>	<u>Jobs at 12/31/2020</u>
Chobani, Inc. - Phase II	2011-2020	Manufacturing	\$	\$	\$	\$ 332,006	\$	\$ (332,006)	227
Chobani, Inc. - Phase III	2013-2023	Manufacturing				348,554		(348,554)	868
Norwich-Pharmaceuticals	2017-2026	Lease				324,998		(324,998)	
Norwich-Chenango Solar	2018-2048	Solar				54,000		(54,000)	
On the Rail (Cascun Farm)	2017-2026	Manufacturing				*		*	*
L.A. Najarian	2016-2027	Manufacturing				1,728		(1,728)	
NY Susquehanna & Western		Transporation				1,500		(1,500)	72
<b>Total</b>			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,062,786</u>	<u>\$ -</u>	<u>\$ (1,062,786)</u>	

\* information not available



**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  
Chenango County Industrial Development Agency  
Norwich, 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 Chenango County Industrial Development Agency (the Agency), a component unit of the County of Chenango, New York, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated April 6, 2021.

**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. 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  
April 6, 2021