

**CHENANGO COUNTY
INDUSTRIAL DEVELOPMENT AGENCY**

Norwich, New York

FINANCIAL REPORT

**For the Year Ended
December 31, 2021**



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 the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Chenango County Industrial Development Agency (the Agency), a component unit of the County of Chenango, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2021, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary 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 purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The 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 GAAS. In our opinion, the Schedule of Projects is 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 29, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Agency's internal control over financial reporting and compliance.

Respectfully submitted,



Inero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 29, 2022

CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

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, 2021 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 \$747,224 in 2021 increased from cash of \$701,762 in 2020. As noted below, the primary cause of the increase was due the result of operations.
- Total revenue of \$189,202 in 2021 increased from revenue of \$45,438 in 2020, primarily as a result of the increase in project fees.
- Total expenses of \$180,733 in 2021 increased from expenses of \$139,873 in 2020, primarily due to an increase in other project fee expenses.
- Net position for the year ended December 31, 2021 amounted to \$1,370,377, reflecting an increase of \$8,469 from net position of \$1,361,908 at December 31, 2020.

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, (U.S. GAAP) as prescribed by the Governmental Accounting Standards Board (GASB).

CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

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.
- 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.

CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

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>2021</i>	<i>2020</i>	
<i>Current Assets:</i>			
<i>Cash and Cash Equivalents</i>	\$ 747,224	\$ 701,762	\$ 45,462
<i>Accounts Receivable</i>	3,376	-	3,376
<i>Prepaid Expenses</i>	4,622	4,424	198
<i>Current Lease Receivable, Current</i>	4,690	4,878	(188)
<i>Total Current Assets</i>	759,912	711,064	48,848
<i>Non-Current Assets:</i>			
<i>Capital Leases Receivables</i>			
<i>- Non-Current Portion</i>	20,520	25,022	(4,502)
<i>Land and Non-Depreciable Capital Assets</i>	238,000	238,000	-
<i>Depreciable Capital Assets, Net</i>	363,188	389,872	(26,684)
<i>Total Assets</i>	1,381,620	1,363,958	17,662
<i>Current Liabilities:</i>			
<i>Accounts Payable and Accrued Liabilities</i>	2,943	2,050	893
<i>Deferred Revenue</i>	8,300	-	8,300
<i>Total Current Liabilities</i>	11,243	2,050	9,193
<i>Net Investment in Capital Assets</i>	601,188	627,872	(26,684)
<i>Unrestricted</i>	769,189	734,036	35,153
<i>Total Net Position</i>	\$ 1,370,377	\$ 1,361,908	\$ 8,469

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

The increase in deferred revenue is a result of prepaid rental income from Pro-Tel Properties, LLC.

CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

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>2021</i>	<i>2020</i>	
<i>Operating Revenues:</i>			
<i>Project Fees</i>	\$ 149,765	\$ 28,241	\$ 121,524
<i>Rental Income</i>	38,440	5,400	33,040
<i>Non-Operating Revenues</i>	997	11,797	(10,800)
<i>Total Revenues</i>	189,202	45,438	143,764
<i>Operating Expenses:</i>			
<i>Administrative and Support Fees</i>	79,625	75,000	4,625
<i>Advertising and Marketing Expense</i>	5,925	2,853	3,072
<i>Depreciation</i>	26,684	26,684	-
<i>Repairs and Maintenance</i>	1,700	6,448	(4,748)
<i>Other Project Fees</i>	32,998	-	32,998
<i>Legal and Professional Fees</i>	9,766	7,150	2,616
<i>Insurance</i>	7,616	7,591	25
<i>PILOT</i>	2,250	2,250	-
<i>Office and Miscellaneous Expense</i>	3,956	3,412	544
<i>Travel and Training</i>	1,961	257	1,704
<i>Utilities</i>	7,512	7,505	7
<i>Rental Expense</i>	740	723	17
<i>Total Expenses</i>	180,733	139,873	40,860
<i>Change in Net Position</i>	\$ 8,469	\$ (94,435)	\$ 102,904

Total revenues of the Agency increased \$143,764. The increase is due to an increase in project fee income.

Total expenses of the Agency increased \$40,860. The increase in expenses is due to an increase in Other Project Fees and Administrative and Support Fees.

CAPITAL ASSETS

During 2021, the Capital Assets total balance was \$601,188. 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.

CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

Figure 3

<i>Changes in Capital Assets</i>	<i>The Agency</i>		<i>Total Dollar Change</i>
	<i>2021</i>	<i>2020</i>	
<i>Land - Earl B. Clark</i>	\$ 238,000	\$ 238,000	\$ -
<i>Building- Incubator</i>	984,748	984,748	-
<i>Accumulated Depreciation</i>	(621,560)	(594,876)	(26,684)
<i>Totals</i>	\$ 601,188	\$ 627,872	\$ (26,684)

FACTORS BEARING ON THE AGENCY'S FUTURE

Future Risk Factors related to the Chenango County IDA and/or the Development Chenango Corporation for 2022:

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 Agency has seen a significant increased number of solar and wind projects in Chenango County. In 2021, the Agency approved solar projects in North Norwich (1) and Coventry (1). We are aware of two more solar projects in the County, although they have not contacted the Agency for benefits at this time.

The Agency approved the County's first wind project in December 2021. This project was highly controversial and we worked closely with the Town of Guilford on vetting this project, weighing the financial benefit while also seeking to address concerns from community members who were vehemently opposed to the project. The Agency did approve the project, which has yet to be closed, but has moved forward.

CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

2. *Railroad:*

The Agency is working with FEMA and the NYS&W Railway on improvements needed to the 42 miles of track throughout the 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 the County were impassible by the train, and these needed improvements were not part of the EDA application or improvements. Currently the Agency 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.

Update: the FEMA application has been approved and monies from FEMA have been disbursed to the Agency and transferred to NYS&W.

In August 2021, Executive Director K. Green met with NYS&W President, N. Fenno to discuss the future of the railroad, the improvements needed and to address the issue surrounding the significant investment that the EDA and the County made to get the track up and running regularly again. It was made clear that while NYS&W sees the Chenango portion of the track as an asset, no plans have been made to complete the additional work needed. It was also indicated, by N. Fenno that without regular customers along the rail who would pledge to utilize the track, that NYS&W is not inclined to spend additional monies on the improvements to the track.

A local group, Expedition Chenango, has contacted the Agency and proposed a tourism project utilizing the abandoned track for rail bikes. In discussions with NYS&W it was agreed to explore this temporary utilization with the understanding that NYS&W will require specific insurance and holds the final approval on a schedule, use, etc. This project is scheduled to tentatively begin spring/summer 2022.

3. *Downtown Revitalization Initiative*

In September 2021, the Development Chenango Corporation (DCC) applied to Empire State Development (Southern Tier) for a \$10M Downtown Revitalization Initiative Grant. On December 8, 2021 we were awarded this highly competitive grant.

Executive Director, K. Green, has been selected to serve as point person for the state and will also co-chair the local planning committee with newly elected Mayor B. Doliver. This massive grant will add to the scope and work of DCC and the staff of the organization. The municipality had little involvement with the application and they do not have the capacity or understanding of the grant to manage and administer the municipal projects outlined in the grant application. Once awards are accounted (fall 2022) it will largely fall on DCC to manage the grant program, work with project sponsors and continue to liaison with our state partners.

CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

4. *Property Sale and Acquisition*

The Agency has decided to sell the Manufacturing incubator building that we own at the Lt. Warren Eaton Airport. The building was vacant for 3+ years after the previous manufacturer outgrew the space. Despite several attempts to lease the space, in August 2021 we were able to enter into a lease with local company, Pro-tel, who needed to expand and was looking outside of Chenango County. In November 2021 they made an offer to purchase the building. (note that Chenango County owns the land under the building and the Agency holds a 99-year lease for the land).

While we are selling this asset, we are currently considering purchasing a building in Bainbridge as a food incubator/manufacturing facility for a growing company. We have made an unofficial offer to purchase and are awaiting the appraisal.

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

STATEMENT OF NET POSITION DECEMBER 31, 2021

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 747,224
Accounts Receivable	3,376
Prepaid Expenses	4,622
Current Lease Receivables - Current Portion	4,690
Total Current Assets	<u>759,912</u>

Non-Current Assets

Capital Leases Receivable - Non-Current Portion	20,520
Land and Non-Depreciable Capital Assets	238,000
Depreciable Capital Assets, Net	363,188
Total Non-Current Assets	<u>621,708</u>

Total Assets	<u>1,381,620</u>
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LIABILITIES

Current Liabilities

Accounts Payable and Accrued Liabilities	2,943
Deferred Revenue	8,300
Total Current Liabilities	<u>11,243</u>

Total Liabilities	<u>11,243</u>
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NET POSITION

Net Investment in Capital Assets	601,188
Unrestricted	769,189
Total Net Position	<u><u>\$ 1,370,377</u></u>

See Notes to Financial Statements

CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2021

Operating Revenues	
Project Fees	\$ 149,765
Rental Income	38,440
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Total Operating Revenues	188,205
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Operating Expenses	
Administrative and Support Fees	79,625
Advertising and Marketing Expense	5,925
Depreciation	26,684
Repairs and Maintenance	1,700
Other Project Fees	32,998
Legal and Professional Fees	9,766
Insurance	7,616
PILOT	2,250
Office and Miscellaneous Expense	3,956
Travel and Training	1,961
Utilities	7,512
Rental Expense	740
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Total Operating Expenses	180,733
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Operating Gain (Loss)	7,472
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Non-Operating Revenues (Expenses)	
Interest Income	997
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Total Non-Operating Revenues (Expenses)	997
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Change in Net Position	8,469
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Net Position, January 1,	1,361,908
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Net Position, December 31,	\$ 1,370,377
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See Notes to Financial Statements

CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021

Cash Flows From Operating Activities	
Cash Received from Rents and Fees	\$ 193,129
Cash Payments - Contractual Expenses	<u>(153,354)</u>
Net Cash Provided (Used) by Operating Activities	<u>39,775</u>
Net Cash From Non-Capital and Related Financing Activities	
Principal Payments Received on Capital Lease	<u>4,690</u>
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	<u>4,690</u>
Cash Flows From Investing Activities	
Interest and Earnings	<u>997</u>
Net Cash Provided (Used) by Investing Activities	<u>997</u>
Net Change in Cash and Cash Equivalents	45,462
Cash and Cash Equivalents, January 1,	<u>701,762</u>
Cash and Cash Equivalents, December 31,	<u><u>\$ 747,224</u></u>
Operating Gain (Loss)	\$ 7,472
Adjustments to Reconcile Net Operating Gain (Loss) to Net Cash Provided (Used) by in Operating Activities:	
Depreciation Expense	26,684
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(3,376)
(Increase) in Prepaid Expenses	(198)
Increase in Accounts Payable and Accrued Liabilities	893
Increase in Deferred Revenue	<u>8,300</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 39,775</u></u>

See Notes to Financial Statements

CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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 Chenango County Board of Supervisors, the Agency is a separate entity and operates independently of the County. The Agency is considered a component unit of Chenango 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, 2021

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 Cash and Cash Equivalents

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 \$748,199 at December 31, 2021 were covered by FDIC insurance up to \$250,000. As of December 31, 2021, 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, 2021

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:

2022	\$	4,878
2023		4,878
2024		4,878
2025		4,878
Thereafter		5,697
Total	\$	25,210

Note 4 Capital Assets

At December 31, 2021, the Agency's capital assets consisted of the following:

	Balance 12/31/2020	Additions	Disposals	Balance 12/31/2021
Non-Depreciable Capital Assets				
Land - Earl B. Clark	\$ 238,000	\$ -	\$ -	\$ 238,000
Total Non-Depreciable Capital Assets	238,000	-	-	238,000
Depreciable Capital Assets				
Building - Incubator	683,506	-	-	683,506
Improvements Buildings	240,401	-	-	240,401
Improvements Property Development	60,841	-	-	60,841
Total Depreciable Capital Assets	984,748	-	-	984,748
Total Historical Cost	1,222,748	-	-	1,222,748
Less Accumulated Depreciation				
Building - Incubator	(529,997)	(18,855)	-	(548,852)
Improvements Buildings	(15,551)	(1,379)	-	(16,930)
Improvements Property Development	(49,328)	(6,450)	-	(55,778)
Total Accumulated Depreciation	(594,876)	(26,684)	-	(621,560)
Total Capital Assets, Net	\$ 627,872	\$ (26,684)	\$ -	\$ 601,188

Depreciation expense amounted to \$26,684 for each of the year ended December 31, 2021.

CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

Note 5 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, 2021, rent expense for the industrial incubator building amounts to \$740. 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:

2022	\$	750
2023		779
2024		809
2025		841
2026		874
Thereafter		<u>235,926</u>
Total	\$	<u>239,979</u>

Note 6 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 7 Related Party and Administrative and Service Agreement

On January 1, 2013, the Agency entered into an agreement with the Development Chenango Agency (DCC) and Commerce Chenango (the Chamber) to pay for administrative and support services. The Chamber provides services to both the Agency and DCC. The Agency is required to pay DCC \$6,438 per month for year ended December 31, 2021. This covers their share of the services provided. Under this agreement the Agency paid \$77,250 for year ended December 31, 2021.

Two board members of the Agency are also members of the Chenango County Board of Supervisors.

CHENANGO COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

Note 8 **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, 2021**

Project Name	Exemption Period	Purpose	Sales Tax Cap	Sales Tax Exemptions	Mortgage Tax Exemptions	Payments in Lieu of Taxes	Property Taxes if Not Exempt	Total Exemptions	Jobs at 12/31/2021
Agro-Farma Phase II	2011-2021	Commercial	\$1,421,000	\$ -	\$ -	\$ 186,278	\$ 195,438	\$ 9,160	235
Agro-Farma Phase III	2013-2023	Commercial	-	-	-	223,814	317,671	93,857	942
Norwich-Pharmaceuticals	2017-2026	Lease	-	-	-	-	601,580	601,580	308
Norwich-Chenango Solar	2018-2048	Solar	395,522	-	-	54,000	-	(54,000)	*
On the Rail (Cascun Farms)	2017-2026	Lease	8,000	-	-	*	-	*	*
L.A. Najarian	2016-2027	Lease	-	-	-	2,275	-	(2,275)	16
NYS&W	2013-2024	Lease	-	-	-	-	55,439	55,439	72
Puckett Solar	2021-2052	Solar	520,000	-	-	*	-	*	*
Total			<u>\$2,344,522</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 466,367</u>	<u>\$ 1,170,128</u>	<u>\$ 703,761</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) as of and for the year ended December 31, 2021, 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 29, 2022.

Report on 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) as a basis for designing 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 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 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. We identified no certain deficiencies in internal control.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 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 29, 2022