

COUNTY OF CHENANGO  
INDUSTRIAL DEVELOPMENT AGENCY  
(A COMPONENT UNIT OF CHENANGO  
COUNTY, NEW YORK)

FINANCIAL STATEMENTS

Years Ended December 31, 2018 and 2017

COUNTY OF CHENANGO INDUSTRIAL DEVELOPMENT AGENCY

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## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying financial statements of County of Chenango Industrial Development Agency (CCIDA), a component unit of Chenango County, New York, which comprise of the statements of net position as of December 31, 2018 and 2017, and the related statements of revenues, expenses and changes in net position 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.

### **Auditors' 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 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 CCIDA'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 CCIDA'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.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CCIDA as of December 31, 2018 and 2017, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 4 – 9 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, and 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 financial statements, and other knowledge we obtained during our audits of the 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 audits were conducted for the purpose of forming an opinion on CCIDA's financial statements as a whole. The supplemental information on Pages 22 – 24 in the other financial information section and the additional report on Page 27 are presented for purposes of additional analysis and are not a required part of the financial statements, but is supplemental information that is required by the Office of the New York State Comptroller. The schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit 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 March 29, 2019 on our consideration of CCIDA'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 CCIDA's internal control over financial reporting and compliance.

**Other Reporting Required by New York State Public Authorities Law**

In accordance with New York State Public Authorities Law, we have also issued our report dated March 29, 2019 on our consideration of CCIDA's compliance with Section 2925 of New York State Public Authorities Law. The purpose of that report is to determine whether CCIDA obtained and managed its investments in compliance with its own policies and relevant sections of the New York State Public Authorities Law.

*Mostert, Manzanero & Scott, LLP*

Oneonta, New York  
March 29, 2019

# COUNTY OF CHENANGO INDUSTRIAL DEVELOPMENT AGENCY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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This document, prepared by management of the County of Chenango Industrial Development Agency ("CCIDA"), contains a narrative overview and analysis of the financial activities of CCIDA during the fiscal year ended December 31, 2018, as compared to 2017, where applicable. This discussion and analysis focuses on the significant financial and management issues and activities and identifies any significant changes in the financial statements.

### ***FINANCIAL HIGHLIGHTS***

Operating loss for CCIDA was \$(55,826) for the fiscal year 2018, compared to \$49,210 operating profit for the fiscal year 2017. This represents a decrease in revenue of \$104,718 with expenses approximately consistent. The decrease was mainly caused by a decrease of \$95,440 in rental income and a decrease of \$9,278 in project fees. At the close of fiscal year 2018, CCIDA had a net position of \$1,558,901 a decrease of \$55,462 from the prior year. The term "net position" refers to the difference between assets and liabilities.

### ***OVERVIEW OF 2018 ACTIVITIES***

#### **Railroad Revitalization Project**

CCIDA holds legal title to the right-of-way and rail improvements of the New York, Susquehanna, and Western Railroad (NYSW) in Chenango County. The property was deeded to CCIDA in 1982. CCIDA has held the title since then for the purposes of advancing economic development, rendering the infrastructure tax exempt. In 2006, flood damage closed the railroad between North Norwich and south of Greene. Hurricane Irene and Tropical Storm Lee worsened the damage in 2011. In 2011, CCIDA was awarded \$772,422 in New York State Department of Transportation Multi-modal funds, which comprised 16% of the requested funding. These funds were initially earmarked for repairs between Sherburne and Norwich. However, during 2013, the state funding was leveraged as a portion of the 20% local funding match required to attract \$4.7 million (or 80% of the project budget) in disaster relief assistance from the U.S. Economic Development Administration (EDA). In May of 2013, CCIDA was informed that this funding award would be granted to CCIDA. After numerous discussions and additional negotiations regarding a renewed lease agreement with NYSW, as well as the requirements of the EDA grant, the CCIDA Board of Directors voted to move forward on the project and accept the grant funding in August of 2013. A new 10-year lease and operating agreement was signed with NYSW in August of 2013, which put additional requirements for operations and maintenance on the railroad, and also made material changes to the Payment in Lieu of Taxes (PILOT) portion of the agreement. Local funding partners, supplying approximately \$407,000 to the project, include County of Chenango, Development Chenango Corporation, CCIDA, and the railroad itself. CCIDA committed up to \$75,000 to this project, but its anticipated prorated share of this local funding amount is \$56,250. Railroad engineering quotes were submitted to the board of directors in December of 2013. A contract was approved and awarded to Stone Consulting & Design, P.C. (Stone) in January 2014. Stone provided a preliminary engineering report in August of 2014 recommending the scope of the project proceed with Enhanced Class 1 restoration of the rail line.

## COUNTY OF CHENANGO INDUSTRIAL DEVELOPMENT AGENCY

### MANAGEMENT'S DISCUSSION AND ANALYSIS

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In November 2014 the Department of Environmental Conservation and Army Corps of Engineers requested a complete delineation of the wetlands which overlapped in several areas along the Rail's 45.54 mile right-of-way. Stone performed the additional and extensive work on short notice, but the review process delayed the project through the summer construction season. In July 2015 the Department of Environmental Conservation issued their permit authorizing construction, deeming that it would not have an adverse impact on surrounding wetlands. This was followed in September by the Army Corps of Engineers nationwide permit, which came to the same conclusion and granted the same status at the federal level. By mid-October the Engineers' plans and specifications had been approved by the EDA, and ads for the bid opening were being placed.

The bid opening took place in January 2016. Out of the four bids placed, the lowest bidder was Frontier Railroad Services, Inc. (Frontier) from New Stanton, Pennsylvania. Harvey Stone of Stone Consulting & Design, Inc. reviewed the details of their bid proposal and found it to be reasonable. He subsequently provided a letter of recommendation in favor of accepting the low bid, and the CCIDA board accepted this bid on January 20, 2016. The contract documents were executed on January 29, 2016.

Frontier began construction in March 2016 and completed work on December 8, 2016, at which point responsibility for track management was return to NYSW. Frontier's work included 8,378 ties replaced, 425 tie plates replaced, 32 washouts repaired, 3 crossings rebuilt, 36 bridges repair or re-decked, 6,767 loose joints tightened, 4,546 new bolt setts installed, 4,890 feet of ditching completed, 16,905 fee of track surfaced, and 1,675 tons of ballast placed.

In total, \$5,742,286 was spent on the project. The final disbursement request and closeout are currently being processed.

#### Chobani, Inc. Projects

Throughout 2016, Chobani continued to produce its 6 oz. cups of Greek-style yogurt for the US market in the Town of Columbus, Chenango County, and at year end reported employing approximately 1,052 people at the Columbus production plant.

Since the company's founding, CCIDA has assisted Chobani in each of several expansion phases as follows:

Phase I (\$22 Million) began in 2010 with the purchase of a lot across the county highway from their facility that was under lease for parking. The lot is the site of a 150,000 square foot refrigerated warehouse, an elevated product conveyance system, new material handling equipment, and additional product space modifications. Chobani requested a sales tax exemption for construction material purchases. CCIDA voted to grant the request. As of 2011, a PILOT was not requested. Phase I was complete in January 2011.

Phase II (\$64 Million) involved the purchase of additional manufacturing equipment, renovations to 70,000 square feet of production area, a new milk receiving bay, and new control structures for waste water treatment. In 2011, Chobani management requested a PILOT abatement for the new Phase I warehouse, as well as the above Phase II items. After public hearing, CCIDA granted the request. Phase II was completed as of December 31, 2013.

COUNTY OF CHENANGO INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Phase III (over \$100 Million) In early 2012, Chobani requested assistance from CCIDA for a project which included the addition of 85,000 square feet to house operations including packaging, palletizing, chilling, and conveying of increased volumes of product. The project also included land improvements; construction of a 7,000 square foot machine room to house chilling equipment and ammonia systems; construction of two new receiving bays comprising 7,400 square feet; construction of an approximately 450-vehicle paved parking lot and a 120-trailer space paved area; construction of a three story, 13,000 square foot addition to house increased raw milk and yogurt processing capacity; renovation and reconstruction of seven filling rooms; construction of a one-story, 2,400 square foot boiler building; acquisition and installation of power generator units; and the acquisition of furniture, fixtures, equipment, machinery, and other tangible personal property.

Chobani indicated that 106 new jobs would be added by this investment. They requested a sales tax exemption on construction materials and a PILOT abatement for this new investment. Estimated benefits to Chobani were approximately \$3.8 million in tax savings. A public meeting was held and at a special meeting of the board, this incentive was approved.

Construction on this project began in 2012, but was not completed until 2013. Some delays with tax exemption filings and property assessments caused the PILOT to begin a year later than anticipated, and therefore, PILOT savings were not realized by Chobani in 2013. The 10-year PILOT period began in 2014.

Norwich Pharmaceuticals, Inc. Payment in Lieu of Tax Agreement

A PILOT agreement with Norwich Pharmaceuticals, Inc. starting in 2007 expired on March 1, 2017. In anticipation of this, Norwich Pharmaceuticals, Inc. applied for a renewed PILOT in September 2016. They initially requested a ten year graduated tax exemption beginning at 95% in year one and 5% in year ten. This was later adjusted to 50% annually in a second request sent February 3, 2017.

On February 28, 2017 the ten year PILOT extension was signed. The agreement commences March 1, 2017 and terminates March 1, 2027.

On October 27, 2016 , a public hearing was held regarding the assignment of the 2007 PILOT agreement and lease interest to AGNL RX, LLC. A resolution was subsequently reached affirming this assignment. On December 31, 2016, Norwich Pharmaceuticals, Inc. entered into a sale-leaseback with AGNL RX, LLC for its manufacturing facility.

A partial mortgage recording tax abatement was granted by resolution on March 21, 2017. The abatement reduces AGNL RX, LLC's mortgage recording on a \$17,350,000 property from \$130,125 to \$65,075.

L.A. Najarian, Inc. Payment in Lieu of Tax Agreement

A ten year PILOT agreement with Simaar USA Corp. was entered into on April 1, 2016. The PILOT enabled the company to acquire and install equipment at a 10,000 square foot manufacturing facility in Greene, NY. The company manufactures narrow fabrics and specialty ribbons. On October 18, 2017 this PILOT agreement was amended to transfer responsibility for the calculation and billing of PILOT payments to the Chenango County Real Property Tax Department.

COUNTY OF CHENANGO INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Cascun Farm/On the Rail Processing, Inc.

The IDA helped facilitate the expansion and growth of Cascun Farm by purchasing a 7,900 sq. ft. processing facility in Bainbridge, NY for the amount of taxes owed, and subsequently leasing this building to the business. The property was purchased from Chenango County in September 2016 for \$47,294. On February 1, 2017, the IDA entered into a lease agreement with On the Rail Processing.

Use of the facility will enable Cascun Farm to expand in order to meet demand, become USDA-inspected, and ultimately create a slaughtering facility. The purchased of the property by the IDA allows the Cascuns to invest in the renovations and equipment necessary to meet those requirements. The project anticipates the retention of six, and creation of four, full time jobs by project end.

Tecnofil

On November 6, 2018 the IDA notified Tecnofil that their PILOT had been terminated due to the cessation of operations at their Sherburne facility.

Norwich-Chenango Solar, LLC.

On June 1, 2018 the IDA entered into a 30-year PILOT agreement with Norwich-Chenango Solar, LLC. The recipient is constructing a community solar array in the Town of Norwich, capable of generating 12MW of power on 75 acres of land. The facilities will connect to the NYSEG grid, with the company investing over \$1,000,000 in upgrades to the grid. The power generated will be sufficient to power 2,600 average homes and provide a 10% savings on utilities to participating households.

The project will provide job creation in ongoing maintenance, as well as 80 construction jobs over the 6-month construction period. Approximately \$300,000 in goods and services will be purchased from Chenango county vendors during this period.

A change in management during the fall of 2018 delayed construction, which will now begin Spring of 2019.

Administration

An updated support services agreement was created with Commerce Chenango, Inc. (the "Chamber") and the Development Chenango Corporation (DCC) to provide all management and service needs for CCIDA. That agreement was effective January 1, 2018 and can be renewed at the Board's discretion. CCIDA agreed to maintain its monthly economic development contribution to DCC, as well as to provide a share of administration revenue from grants and project fees for projects which are managed by DCC contract staff. The economic development contribution was adjusted to reflect CCIDA's fair share of salaries, benefits, property rents, utilities, and other shared office expenses on an annual basis. CCIDA will reimburse the Chamber on a monthly basis for direct administrative expenses billed, such as photocopies, postage, and shipping costs.

COUNTY OF CHENANGO INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

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**FINANCIAL STATEMENTS**

The financial statements are designed to provide readers with a broad overview of CCIDA's finances, in a manner similar to private-sector business. Statements are provided on an accrual basis of accounting.

The statements of net position present information on all of CCIDA's assets and liabilities, with a difference between the two, reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of CCIDA is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without a corresponding increase to liabilities, results in an increased net position, which indicates an improved financial position.

The statements of revenues, expenses and changes in net position present information showing how CCIDA's net position changes during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of timing and related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Other Financial Information

In addition to the basic financial statements and accompany notes, this report also presents certain additional information on schedules, concerning CCIDA's cash in bank accounts, investments, lease receivables, bonds outstanding and straight leases of CCIDA's properties.

Financial Analysis

Net position may serve, over time, as a useful indicator of a government's financial position. In the case of CCIDA's financial position, assets exceeded liabilities by \$1,558,901 at the close of the fiscal year 2018. This represents a decrease of 3.4% over the previous year. At the close of the fiscal year 2017, assets exceeded liabilities by \$1,614,363. This represents an increase of .9% over the 2016 year.

At December 31, 2018, the larger portion of CCIDA's net position reflects cash or cash equivalents and grants receivable. As of December 31, 2018, current assets in the amount of \$867,155 represent a decrease of 4.5% from the previous year. As of December 31, 2017, current assets in the amount of \$908,159 represent an decrease of 26.0% from the 2016 year.

The following is a 2018 – 2016 comparative summary of CCIDA's financial statements displaying the change in net position:

COUNTY OF CHENANGO INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

NET POSITION	<u>2018</u>	Increase/ (Decrease) <u>Prior Year</u>	<u>2017</u>	Increase/ (Decrease) <u>Prior Year</u>	<u>2016</u>
Current assets	\$ 867,155	\$ (41,004)	\$ 908,159	\$ (321,018)	\$ 1,229,177
Non-current assets	<u>715,429</u>	<u>(31,334)</u>	<u>746,763</u>	<u>(35,138)</u>	<u>781,901</u>
Total assets	<u>1,582,584</u>	<u>(72,338)</u>	<u>1,654,922</u>	<u>(356,156)</u>	<u>2,011,078</u>
Current liabilities	14,451	4,014	10,437	(400,821)	411,258
Deferred inflows of revenue	<u>9,232</u>	<u>(20,890)</u>	<u>30,122</u>	<u>(4,036)</u>	<u>34,158</u>
Total liabilities	<u>23,683</u>	<u>(16,876)</u>	<u>40,559</u>	<u>(404,857)</u>	<u>445,416</u>
Investment in capital assets, Net of related debt	681,240	(26,683)	707,923	(26,684)	734,607
Restricted	-	-	-	(509,496)	509,496
Unrestricted	<u>877,661</u>	<u>(28,779)</u>	<u>906,440</u>	<u>584,881</u>	<u>321,559</u>
Total net position	<u>\$ 1,558,901</u>	<u>\$ (55,462)</u>	<u>\$ 1,614,363</u>	<u>\$ 48,701</u>	<u>\$ 1,565,662</u>
<b>CHANGES IN NET POSITION</b>					
Operating revenues	\$ 84,086	\$ (104,718)	\$ 188,804	\$ (22,198)	\$ 211,002
Operating expenses	<u>139,912</u>	<u>318</u>	<u>139,594</u>	<u>10,328</u>	<u>129,266</u>
Operating income (loss)	(55,826)	(105,036)	49,210	(32,526)	81,736
Non-operating income (expense)	<u>364</u>	<u>873</u>	<u>(509)</u>	<u>9,859</u>	<u>(10,368)</u>
Change in net position	(55,462)	(104,163)	48,701	(22,667)	71,368
Net position – Beginning of year	<u>1,614,363</u>	<u>48,701</u>	<u>1,565,662</u>	<u>71,368</u>	<u>1,494,294</u>
Net position – End of year	<u>\$ 1,558,901</u>	<u>\$ (55,462)</u>	<u>\$ 1,614,363</u>	<u>\$ 48,701</u>	<u>\$ 1,565,662</u>

Economic Factors

CCIDA is not aware of any economic factors or conditions that have changed since December 31, 2018 that will have any significant effect on CCIDA in the future.

Requests for Information

Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Board of Directors, County of Chenango Industrial Development Agency, 15 South Broad Street, Norwich, New York 13815.

COUNTY OF CHENANGO INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF NET POSITION

December 31, 2018 and 2017

<u>ASSETS</u>	<u>2018</u>	<u>2017</u>
Current assets:		
Cash and cash equivalents	\$ 375,863	\$ 731,655
Restricted cash	9,232	30,122
Grants/fees receivable	473,096	137,607
Prepaid expenses	4,313	4,152
Capital lease receivable - Current portion	4,651	4,623
Total current assets	<u>867,155</u>	<u>908,159</u>
Noncurrent assets:		
Capital lease receivable - Noncurrent portion	34,189	38,840
Capital assets, net	681,240	707,923
Total noncurrent assets	<u>715,429</u>	<u>746,763</u>
 Total assets	 <u>1,582,584</u>	 <u>1,654,922</u>
 <u>LIABILITIES AND NET POSITION</u>		
Liabilities:		
Accounts payable	14,451	10,437
Total liabilities	<u>14,451</u>	<u>10,437</u>
Deferred inflows of resources:		
Unearned revenue	9,232	30,122
Net position:		
Investment in capital assets, net of related debt	681,240	707,923
Unrestricted	877,661	906,440
Total net position	<u>\$ 1,558,901</u>	<u>\$ 1,614,363</u>

See accompanying notes.

COUNTY OF CHENANGO INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION

Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating revenues:		
Rental of real property	\$ 46,610	\$ 142,050
Project fees	37,476	46,754
Total operating revenues	<u>84,086</u>	<u>188,804</u>
Operating expenses:		
Administrative and support fees	75,000	75,000
Advertising and marketing expense	681	124
Depreciation	26,684	26,684
Repairs and maintenance	6,503	8,176
Other project fees	5,488	6,954
Legal and professional fees	7,190	9,538
Insurance	7,601	7,156
PILOT	2,250	2,305
Office and miscellaneous expense	1,488	1,277
Travel and training	1,750	553
Utilities	4,093	-
Rental expense	1,184	1,827
Total operating expenses	<u>139,912</u>	<u>139,594</u>
Net operating income (loss)	<u>(55,826)</u>	<u>49,210</u>
Non-operating revenue and expense:		
Investment return	364	310
Grant income	356,786	67,462
Grant expense	(356,786)	(68,281)
Total non-operating revenue and expense	<u>364</u>	<u>(509)</u>
Change in net position	(55,462)	48,701
Net position - Beginning of year	<u>1,614,363</u>	<u>1,565,662</u>
NET POSITION - END OF YEAR	<u>\$ 1,558,901</u>	<u>\$ 1,614,363</u>

See accompanying notes.

COUNTY OF CHENANGO INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Receipts from rents and fees	\$ 84,086	\$ 188,804
Receipts from other sources	-	3,831
Payments for suppliers and services	<u>(109,375)</u>	<u>(112,790)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(25,289)</u>	<u>79,845</u>
Cash flows from non-capital financing activities:		
Principal payments received on capital lease	4,623	-
Net grants received (expended)	<u>(356,380)</u>	<u>(33,787)</u>
NET CASH USED IN NON-CAPITAL FINANCING ACTIVITIES	<u>(351,757)</u>	<u>(33,787)</u>
Cash flows from investing activities:		
Interest and earnings	<u>364</u>	<u>310</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>364</u>	<u>310</u>
NET INCREASE (DECREASE) IN CASH	(376,682)	46,368
Cash - Beginning of year	<u>761,777</u>	<u>715,409</u>
Cash - End of year	<u>\$ 385,095</u>	<u>\$ 761,777</u>
Reconciliation of net operating income to net cash provided by operating activities:		
Net operating income (loss)	\$ (55,826)	\$ 49,210
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	26,684	26,684
(Increase) decrease in accounts receivable	-	3,831
(Increase) decrease in prepaid expenses	(161)	120
Increase (decrease) in accounts payable and commitments	<u>4,014</u>	<u>-</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (25,289)</u>	<u>\$ 79,845</u>

See accompanying notes.

COUNTY OF CHENANGO INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2018

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NOTE 1 ORGANIZATION

The County of Chenango Industrial Development Agency (CCIDA) was organized by the Chenango County Legislature under the authority of General Municipal Law, Section 856.1A of the State of New York. CCIDA is a component unit of Chenango County, New York, based on the criteria set forth in Governmental Accounting Standards Board (GASB) Statement 39.

CCIDA was established to attract new industry to the County, encourage plant modernization, create job opportunities for the citizens of the County, and promote commerce and industry. CCIDA is authorized to encourage and assist in acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing, commercial, research and recreation facilities, education or cultural, railroad, civic facilities owned or occupied by not-for-profit corporations, and horse racing facilities and thereby advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York and improve their recreation opportunities, prosperity and standard of living.

CCIDA authorizes the issuance of industrial bonds for industrial development projects and reviews and determines whether to recommend approval of those applicants wishing to obtain financing. CCIDA received application fees from applicants and closing fees from those accepted for industrial revenue financing.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus and Basis of Accounting

CCIDA's financial statements are reported using the economic resources measurement focus and the accrual method of accounting. Under this method, revenue is recognized when earned and expenses are recognized when incurred regardless of when the related cash transaction takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Cash and Cash Equivalents

For the purpose of the statements of cash flows, CCIDA considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Fee Income and Grant Accounting

Fee income and grant accounting are recorded as receivables, revenues, liabilities and expenses when awarded. All other grants are recorded as receivables and deferred revenues upon award of the contracts; revenues are recognized as CCIDA meets performance requirements of the contracts. CCIDA charges a service fee for each project, the proceeds of which are intended to be used for expenses and to fund continuing operations.

COUNTY OF CHENANGO INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Prepaid Expenses

Prepaid expenses represent payments made by CCIDA for which benefits extend beyond year-end. These items reflect costs applicable to future accounting periods and are recorded as pre-paid at the time of purchase and as an expense in the year the goods or services are consumed.

Capital Assets

All acquisitions of property and equipment are capitalized and recorded at cost. All property and equipment acquired with grant funds are owned by CCIDA and are used in the programs for which they are purchased. There are no reversionary interests by grantor agencies in the assets. Capital assets as defined by CCIDA are assets with an initial unit cost of \$1,000 or more and an estimated useful life in excess of one year. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects and depreciated when placed in service. Depreciation of property and equipment is provided on the straight line method over the following useful lives:

	<u>Years</u>
Buildings	40
Building improvements	20 – 40
Equipment	3 – 7

Depreciation expense amounted to \$26,684 for the years ended December 31, 2018 and 2017.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflows of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. CCIDA has only one type of item that qualifies for reporting in this category. It is related to unearned revenue reported in the statement of net position. See Note 5.

COUNTY OF CHENANGO INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2018

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NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Net Position

CCIDA reports its net position in three components. Net investment in capital assets are equal to amounts reported for capital assets, net of related debt and accumulated depreciation, plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position is reported when assets (net of related debt) can only be used for a specific purpose that is established by grantors, contributors, laws or regulations governing CCIDA. Unrestricted net position is all other net position that does not meet the definition of invested capital assets or restricted net position.

Revenue and Expense Classification

CCIDA distinguishes operating revenues and expenses from non-operating items in its financial statements. Operating revenues and expenses generally result from providing services in connection with CCIDA's principal on-going operations. CCIDA's operating expenses include project program costs and related administration expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Income Taxes

CCIDA is a quasi-governmental organization. CCIDA is not subject to federal or state income taxes, nor is it required to file federal or state income tax returns, therefore, no provisions for income taxes is reflected in these financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the report period. Actual results could differ from those estimates.

Accounting Pronouncements

During the year ended December 31, 2018, the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; Statement No. 85, *Omnibus 2017*; and Statement No. 86, *Certain Debt Extinguishment Issues* became effective.

CCIDA has evaluated these Statements and determined that they have no significant impact on CCIDA's financial statements for the year ended December 31, 2018.

COUNTY OF CHENANGO INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Accounting Pronouncements (Cont'd.)

The following are GASB Statements that have been issued recently and are currently being evaluated by CCIDA for their potential impact in future years:

- Statement No. 83, *Certain Asset Retirement Obligations*, which will be effective for the year ending December 31, 2019.
- Statement No. 84, *Fiduciary Activities*, which will be effective for the year ending December 31, 2019.
- Statement No. 87, *Leases*, which will be effective for the year ending December 31, 2020.
- Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, which will be effective for the year ending December 31, 2019.
- Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which will be effective for the year ending December 31, 2020.
- Statement No. 90, *Majority Equity Interests-an Amendment of GASB Statements No. 14 and 61*, which will be effective for the year ending December 31, 2019.

Events Occurring After Reporting Date

CCIDA has evaluated subsequent events through March 29, 2018 which is the date the financial statements were available to be issued.

NOTE 3 CAPITAL LEASE

CCIDA 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 CCIDA at the end of the lease term for \$1.

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

2019	\$	4,651
2020		4,680
2021		4,709
2022		4,738
Thereafter		<u>20,062</u>
Total	\$	<u>38,840</u>

COUNTY OF CHENANGO INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2018

NOTE 4 CAPITAL ASSETS AND LAND HELD FOR DEVELOPMENT AND SALE

Activity related to capital assets as of December 31, consisted of the following:

	<u>2018</u> Balance	<u>2017</u> Balance
Land – Earl B. Clark Park	\$ 238,000	\$ 238,000
Depreciated asset:		
Incubator building	<u>984,748</u>	<u>984,748</u>
Subtotal	1,222,748	1,222,748
Less: Accumulated depreciation	<u>541,508</u>	<u>514,825</u>
Capital assets, net	<u>\$ 681,240</u>	<u>\$ 707,923</u>

NOTE 5 UNEARNED REVENUE

CCIDA had unearned revenue of \$9,232 and \$30,122 as of December 31, 2018 and 2017, respectively, for the local share of the Railroad Revitalization Project that had not yet been used for expenses for this project.

NOTE 6 GRANT REVENUE

Significant grant revenue was recognized and included the following amounts at December 31:

	<u>2018</u>	<u>2017</u>
Railroad Revitalization Project:		
EDA	\$ 288,283	\$ 54,501
NYS DOT	47,206	8,925
Other local services	<u>21,297</u>	<u>4,036</u>
Total grant revenue	<u>\$ 356,786</u>	<u>\$ 67,462</u>

These amounts were recognized as non-operating revenue.

NOTE 7 COMMITMENTS AND CONTINGENCIES

Grants

CCIDA receives grants from other governments that are subject to audit by the agencies of the Federal and New York State jurisdictions. Such audits may result in disallowances and a request for return of funds. CCIDA believes that disallowances, if any, would be immaterial.

COUNTY OF CHENANGO INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2018

NOTE 7 COMMITMENTS AND CONTINGENCIES (Cont'd.)

Risks

CCIDA is exposed to various risks of loss related to theft of, damage to, and destruction of assets; injuries to related parties and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

Lease Obligations

In May 1990, CCIDA entered into a 99-year lease agreement with Chenango County, for the rental of 1.59 acres at the Lt. Warren Eaton Airport. CCIDA may terminate this lease upon 12 months written notice to the County. As of the date of the issuance of the audit report, no such notice has been given to the County. An industrial incubator building was constructed on this property by CCIDA which has been subleased by a manufacturing company. As of December 31, 2018 and 2017, rent expense for the industrial incubator building amounted to \$697 and \$1,351, 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:

2019	\$ 713
2020	730
2021	748
2022	765
Thereafter	<u>126,310</u>
Total	<u>\$ 129,266</u>

In September 1994, CCIDA entered into a 99-year lease agreement with Chenango County, for an additional 1.27 acres of land at the Lt. Warren Eaton Airport. This land is subleased to a local manufacturing company. CCIDA may terminate this lease upon 12 months written notice to the County. As of the date of the issuance of the audit report, no such notice has been given to the County.

Each year, the annual rent expense is calculated by multiplying the prior year rent by the CPI for the Binghamton, New York region. As of December 31, 2018 and 2017, rent expense for the subleased property amounted to \$487 and \$476, respectively. CCIDA pays the annual rent expense to Chenango County and bills the subleased tenant for reimbursement. The subleased tenant has a lease that runs concurrently with CCIDA's lease. Future minimum lease payments based on the currently available CPI are estimated as follows:

2019	\$ 497
2020	508
2021	518
2022	529
Thereafter	<u>86,783</u>
Total	<u>\$ 88,835</u>

COUNTY OF CHENANGO INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2018

NOTE 7 COMMITMENTS AND CONTINGENCIES (Cont'd.)

Lease Agreements

During February 2012, CCIDA signed a five year lease with Chentronics Corporation starting March 1, 2012. The lease has (5) one year renewal options in which rent increases to \$7 per square foot for the first renewal options and 103% increase each year thereafter. Rental income amounted to \$41,210 for 2018 and \$135,874 for 2017. This lease was renewed for an additional six month period of March 1, 2017 through August 31, 2017. Rent for this renewal period was \$11,165 per month (\$7.70 per square foot). This lease was extended again from September 2017 through February 2018 with a monthly payment of \$10,150. There were two additional payments of \$10,455 received for the months of March and April 2018 for this property.

Payment in Lieu of Taxes

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

CCIDA 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 CCIDA 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 premises total less than \$2,000 per year. Any payments made by the aforementioned parties, if any, would reduce the annual amount due from CCIDA.

NOTE 8 OUTSTANDING INDUSTRIAL REVENUE BOND AND NOTE TRANSACTIONS

CCIDA exercises its mandated power and lawful authority to cause bonds to be issued, to have the proceeds used to construct and equip facilities, to mortgage such facilities as security, and to lease such facilities to provide sufficient funds to repay the bond proceeds and related interest. The bonds are special obligations of CCIDA payable solely from the revenues and receipts derived from the leasing or sale of the underlying facility, or from enforcement of any security provided by the mortgage or assignment. In effect, while CCIDA serves as a vital conduit in arranging for the financing or construction, and is the apparent owner of record, as a practical matter, bondholders look to the facility and to the owner of the beneficial interests therein for ultimate satisfaction of their debt. The agreements cite that neither the members of CCIDA nor any person executing the bonds is liable personally thereon by reason of the issuance thereof. It is contemplated that the beneficial owners of the facility will acquire such facility for a nominal consideration upon the termination of the lease term and the repayment of the bond issued. On a *de facto*, substantive basis, the lessees of the facilities may be viewed as the owners, in an economic, if not a formal, sense. Because of this economic interest, the bond liabilities and the related assets consisting of underlying properties are not reflected in the financial statements of CCIDA.

COUNTY OF CHENANGO INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2018

NOTE 9 FINANCIAL INSTRUMENTS WITH CONCENTRATION OF CREDIT RISK

Cash and Cash Equivalents

State statutes govern CCIDA's investment policies. CCIDA monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the U.S. Treasury, obligations of New York State or its localities, demand accounts and certificates of deposit. Custodial risk is the risk that in the event of a failure of a depository financial institution, CCIDA may not recover its deposits. Collateral is required for demand deposits and certificates of deposit not covered by FDIC. Obligations that may be pledged as collateral are obligations to the United States and its agencies and obligations of the State and its municipalities and school districts. Total financial institution balances at December 31, 2018 and 2017 amounted to \$392,372 and \$768,844, respectively. These balances were fully insured and collateralized at December 31, 2018 and 2017.

Grant/Fee Receivable

Grant/fee receivable consist of fees for service and grant revenue. Management believes receivables are collectible.

NOTE 10 LITIGATION

Per legal counsel, the CCIDA 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 CCIDA and the Corporation, the Corporation is required to defend, indemnify, save and hold harmless CCIDA from and against any and all suits, claims, judgments, damages arising out of the same. The Corporation is aware of the situation and has acknowledged its obligation to defend and indemnify CCIDA.

NOTE 11 RELATED PARTY AND ADMINISTRATIVE AND SERVICE AGREEMENT

On January 1, 2013, CCIDA 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 CCIDA and DCC. CCIDA is required to pay DCC \$6,250 per month for the years ended December 31, 2018 and 2017. This covers their share of the services provided. Under this agreement CCIDA paid \$75,000 for the years ended December 31, 2018 and 2017, respectively.

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

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

COUNTY OF CHENANGO INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2018

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NOTE 12 RESTRICTED CASH

Restricted cash of \$9,232 and \$30,122 as of December 31, 2018 and 2017, respectively consisted of grant money received from local sources for the Railroad Revitalization Project that had not been paid out for expenses for this project.

\* \* \* \* \*

COUNTY OF CHENANGO INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULE OF SUPPLEMENTAL BOND AND NOTE INFORMATION

Year ended December 31, 2018

<u>Purchaser</u>	<u>Issue</u>	<u>Issue Date</u>	<u>Price</u>	<u>Rate</u>	<u>Balance</u>	<u>Due Date</u>
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No activity to report in 2018.

See auditors' report.

COUNTY OF CHENANGO INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF OUTSTANDING SALE AND LEASE AGREEMENTS

Year Ended December 31, 2018

Project Owner Project Owner Address	Purpose	Tax Exemptions			
		Sales Tax Exemptions		Real Property Tax	
		State	Local	County	Local
On the Rail Processing, Inc. 62 Genesee Street Greene, NY 13778	Manufacturing	\$ -	\$ -	\$ 723	\$ 176
L.A. Najarian, Inc. 17 Willard Street, Box 614 Greene, NY 13778	Manufacturing	-	-	1,513	502
Tecnofil Chenango, SA 40 South Main Street Sherburne, NY 13460	Manufacturing	-	-	17,716	9,600
True Green Capital Management Norwich-Chenango Solar 315 Post Road West Westport, CT 06880	* Service	-	-	-	-
NY Susquehanna & Western One Railroad Avenue Cooperstown, NY 13326	Transportation Service	-	-	14,665	9,842
AGNL RX, LLC. & Norwich Pharmaceuticals, Inc. 6826 State Highway 12 Norwich, NY 13815	** Manufacturing	-	-	203,155	55,586
Chobani, Inc. - Phase II 111 County Rd 45 Norwich, NY 13815	Manufacturing	-	-	241,149	120,955
Chobani, Inc. - Phase III 111 County Rd 45 Norwich, NY 13815	Manufacturing	-	-	-	-
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ 478,921</u>	<u>\$ 196,661</u>

\*Pilot does not start until 2019

\*\*AGNI , RX LLC is leasing property to Norwich Parmaceuticals

See auditors' report.

School	Mortgage Recording	Total Exemptions	Payment in Lieu of Taxes			
			County	Local	School	Total
\$ 1,389	\$ -	\$ 2,288	\$ 72	\$ 18	\$ 139	\$ 229
2,595	-	4,610	151	50	260	461
28,797	-	56,113	10,630	5,776	17,278	33,684
-	-	-	-	-	-	-
27,386	-	51,893	-	-	-	-
329,983	-	588,724	101,577	27,793	164,991	294,361
327,458	-	689,562	121,578	60,981	165,092	347,651
-	-	-	-	-	-	-
<u>\$ 717,608</u>	<u>\$ -</u>	<u>\$ 1,393,190</u>	<u>\$ 234,008</u>	<u>\$ 94,618</u>	<u>\$ 347,760</u>	<u>\$ 676,386</u>

COUNTY OF CHENANGO INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF FULL-TIME EQUIVALENT (FTE) JOBS CREATED AND RETAINED

Year Ended December 31, 2018

	<u># of FTE Employees at Project Location before IDA Status</u>	<u>Original Estimate of Jobs to be Created</u>	<u>Original Estimate of Jobs to be Retained</u>
Project Owner:			
On the Rail Processing, Inc.	6	4	0
L.A. Najarian, Inc	6	6	6
Tecnofil Chenango, SA	0	24	0
True Green Capital Management Norwich-Chenango Solar	0	0	0
Who's We, LLC	7	60	7
NY Susquehanna & Western	72	0	72
AGNL, RX, LLC & Norwich Pharmaceuticals, Inc.	202	0	202
Chobani, Inc. - Phase II	250	100	250
Chobani, Inc. - Phase III	<u>823</u>	<u>106</u>	<u>823</u>
	<u>1,366</u>	<u>300</u>	<u>1,360</u>

See auditors' report.

<u>Reported by firm 2017</u>	<u># of Current FTE Employees</u>	<u># of FTE Jobs Created During Fiscal Year</u>	<u># of FTE Jobs Retained During Fiscal Year</u>
0	5	5	0
14	15	1	6
0	0	0	0
0	0	0	0
5	0	0	0
79	64	0	64
308	325	17	308
250	243	0	243
<u>825</u>	<u>809</u>	<u>0</u>	<u>809</u>
<u><u>1,481</u></u>	<u><u>1,461</u></u>	<u><u>23</u></u>	<u><u>1,430</u></u>

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*Certified Public Accountants*

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David E. Brownell, CPA

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*

Board of Directors  
County of Chenango 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 County of Chenango Industrial Development Agency (CCIDA) which comprise of the statements of net position, as of December 31, 2018 and the related statements of revenues, expenses and changes in net position and cash flows for the year ended and the related notes to the financial statements, which collectively comprise CCIDA's financial statements, and have issued our report thereon dated March 29, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered CCIDA'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 CCIDA's internal control. Accordingly, we do not express an opinion on the effectiveness of CCIDA'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of CCIDA's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

MEMBERS: American Institute of Certified Public Accountants, New York State Society of Certified Public Accountants  
National Conference of CPA Practitioners

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether CCIDA'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 CCIDA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CCIDA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Oneonta, New York  
March 29, 2019

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH INVESTMENT GUIDELINES FOR PUBLIC AUTHORITIES

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

We have examined the County of Chenango Industrial Development Agency ("CCIDA"), a component unit of Chenango County, New York, compliance with the New York State Comptroller's Investment Guidelines for Public Authorities and Section 2925 of the New York State Public Authorities Law (collectively, the "Investment Guidelines") for the year ended December 31, 2018. Management of CCIDA is responsible for CCIDA's compliance with the specified requirements. Our responsibility is to express an opinion on CCIDA's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether CCIDA complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether CCIDA complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination of CCIDA's compliance with specified requirements.

In our opinion, CCIDA complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2018.

This report is intended solely for the information and use of the Board of Directors, management and others within CCIDA and the New York State Authorities Budget Office, and is not intended to be and should not be used by anyone other than these specified parties.

*Mostert, Manzanero & Scott, LLP*

Oneonta, New York  
March 29, 2019

MEMBERS: American Institute of Certified Public Accountants, New York State Society of Certified Public Accountants  
National Conference of CPA Practitioners

COUNTY OF CHENANGO INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended December 31, 2018

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SIGNIFICANT DEFICIENCY

2017 – 1	<u>Accounting for Grant Revenue and Receivables</u>
Condition:	Adjusting journal entries had to be made for unrecorded accounts receivable for New York State Department of Transportation (NYSDOT) and the U.S. Economic Development Agency (EDA) grant activity related to the railroad project for the current year.
Criteria:	To ensure proper reporting of grant revenue, all grant activity needs to be recorded in a timely manner.
Effect:	Lack of controls over grant reporting can lead to inaccurate reporting of income and assets in the financial statements.
Recommendation:	We recommend that CCIDA review its current procedures for accounting for grants and revise and implement procedures to accurately report grant activity. For reimbursement grants, a receivable should be recorded for grant expense CCIDA has incurred but has not yet received reimbursement.
Management Response:	The CCIDA will prepare a more comprehensive overview of grant accounting for new employees and contractors. Due to an oversight in communication between the CCIDA and new personnel performing finance operations as contracted services, the eventual reimbursement of grant expenses was not accounted for as part of grant activity.