CORTLAND COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

Cortland, New York

FINANCIAL REPORT

For the Year Ended
December 31, 2023

insero&co

Certified Public Accountants | Business Advisors

CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY

TABLE OF CONTENTS

Independent Auditors' Report	1-3
Required Supplementary Information	
Management's Discussion and Analysis	4-4e
Basic Financial Statements	
Statement of Net Position	5
Statement of Revenues, Expenses, and Changes in Net Position	6
Statement of Cash Flows	7
Notes to Financial Statements	8-12

Supplementary Information	
Schedule of Projects	13
Report Required Under *Government Auditing Standards*	
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*	14-15

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Cortland County Industrial Development Agency (the Agency) a component unit of the County of Cortland, New York, as of and for the year ended December 31, 2023, 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 Cortland County Industrial Development Agency, as of December 31, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 opinions.

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, 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 the purpose of additional analysis and is not a required part of the basic financial statements.

The Schedule of Projects is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 February 20, 2024, 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 the Agency's internal control over financial reporting and compliance.

Respectfully submitted,

Insero & Co. CPAs, LLP

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
February 20, 2024

CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

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

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

The following Management's Discussion and Analysis (MD&A) provides a comprehensive overview of the Agency's financial position as of December 31, 2023, 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.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

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

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.

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

Statement of Net Position	*Agency*		*Total Dollar Change*
	2023	*2022*	
Current Assets:			
Unrestricted Cash	**$ 1,100,451**	$ 1,151,661	$ (51,210)
Short-Term Lease Receivable	**13,008**	12,671	337
Prepaid Expenses	**1,155**	1,043	112
Noncurrent Assets:			
Long-Term Lease Receivable	**55,588**	68,596	(13,008)
Capital Assets, Net	**676**	1,351	(675)
Investments in Property	**604,797**	604,797	-
Total Assets	**1,775,675**	**1,840,119**	**(64,444)**
Current Liabilities:			
Accounts Payable	**156**	36,656	(36,500)
Due to CCBDC	**91,835**	91,835	-
Unearned Revenue	**81,950**	135,050	(53,100)
Total Liabilities	**173,941**	**263,541**	**(89,600)**
Deferred Inflows of Resources - Leases	**68,596**	**81,267**	**(12,671)**
Net Position:			
Net Investment in Capital Assets	**676**	1,351	(675)
Unrestricted	**1,532,462**	1,493,960	38,502
Total Net Position	**$ 1,533,138**	**$ 1,495,311**	**$ 37,827**

Significant changes from prior year are as follows:

- Total assets were reduced by $64,444 in the current year primarily as a result of the less Pilot prepayments received in the current year compared to the prior year.
- Total liabilities were reduced by $89,600 due to the accounts payable returning to historical balances and unearned revenue was down due to less Pilot prepayments received in the current year.
- Deferred inflows of resources - leases was down as result of the collection of lease revenue in the current year.
- Unrestricted net position was up as a result of revenue exceeding expenses in the current year.

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

Figure 2

Changes in Net Position	***Agency***		***Total Dollar Change***
	2023	***2022***	
Operating Revenues:			
Fee Income	**$ 24,982**	$ 49,327	$ (24,345)
Lease Income	**12,671**	12,343	328
Interest Income	**2,162**	2,490	(328)
Grant Income	**61,149**	-	61,149
Other Income	**1,500**	1,500	-
Non-Operating Revenues:			
Interest and Earnings and Other	**22,406**	2,326	20,080
Total Revenues	**124,870**	**67,986**	**56,884**
Operating Expenses:			
Professional and Administrative Expenses	**87,043**	92,956	(5,913)
Total Expenses	**87,043**	**92,956**	**(5,913)**
CHANGE IN NET POSITION	**$ 37,827**	**$ (24,970)**	**$ 62,797**

Significant changes from the prior year are as follows:

- Fee income was down this year due to a decrease in project fees compared to the prior year.
- The Agency received a grant from National Grid as part of one of their projects in the amount of $61,149.
- Operating expenses remained relatively stable dipping slightly due to fewer legal fees for the land that was acquired in 2022.

2024 FACTORS BEARING ON THE AGENCY'S FUTURE

Downtown Investment

Planning and design activities are complete for the reconstruction of Main Street as part of the City of Cortland's $10 million Downtown Revitalization Initiative (DRI) grant. Construction began in the spring of 2023, paused during the winter, and will once again resume in the spring of 2024. The Agency and its partners have continued to maintain a public information campaign, *Crowncityrising,* designed to keep downtown stakeholders aware of the project's progress as it runs through the next two construction seasons. This campaign has been widely heralded by the community as a resource to keep updated on the status of the projects, and what roads might be closed any given day/week.

Other significant investments outside of the DRI continue in and near the downtown district including a significant façade grant provided by the County's ARPA funding and managed by the Cortland County Business Development Corporation. These projects play an important role in the ongoing work to revitalize the district.

APEX

The former APEX manufacturing site on the city's east end was mothballed in 2017 and was razed in 2021 with the contractor leaving mountains of debris on site that could not be sold for scrap. The Agency, acquired and removed the remaining debris field using licensed abatement contractors. The project is also a major redevelopment opportunity, with 9 acres of land, appropriate zoning, and proximity to the Interstate and other transportation infrastructure. The recent announcement of Micron's intention to build a $100 billion chip-fab facility in Onondaga County only enhances the site's marketability just 50 minutes down Interstate 81. This site has had numerous Environmental Site Assessments performed on it, by the City's Environmental Protection Agency's (EPA) Brownfield Cleanup grant, that revealed a few different environmental concerns on the site and adjoining sites. These studies are currently being quality reviewed by the EPA to be approved for reuse. Upon quality review approval, the Agency will look to do a site reuse plan on the site to find out the best and final use for this community site.

EPA Brownfield Community Grant

The Agency applied to the Environmental Protection Agency's Community Brownfield Grant to receive up to $600,000 in grant funds to assist with environmental studies to be performed on developmental sites across the county. These studies will help to assist in the redevelopment of sites or general cleanup if any environmental issues are found. The Agency should know if we are approved by the end of the first quarter or early second quarter of 2024 and will be able to commence environmental studies shortly after.

Buckbee Mears
The 200,000-square-foot facility is now partially occupied with about three-quarters of the building still available for lease. The Agency continues to work hand in hand with the owner to help fill the site, which has the potential to develop as a unique local and regional employment asset.

Micron
The Micron announcement has led to several conversations about development opportunities both for business and housing across the county. The Agency has held numerous planning sessions with appropriate local, regional, and state partners to move those opportunities forward. The Agency has met with the Micron Community Engagement Committee to see what best connections the county might need to be making to properly situate itself for future development.

Solar Development
The Agency has incentivized numerous solar projects of varying sizes to date, with 2 more projects in the pipeline. One is a proposed 90MW facility across various locations in the towns of Homer, Cortlandville, and Solon. Developers have already secured a power contract with the state of New York and have now secured a siting permit from the State of New York. The Agency assisted in negotiating mega-watt payments and host community agreements with the municipalities and the developer. We are currently in the process of negotiating a Payment in Lieu of Tax agreement with the company in 2024, with construction expected to begin sometime in 2024. Another 5 MW facility is currently also in the process of negotiating a Payment in Lieu of Tax Agreement with the company in 2024.

Agency Headquarters
The Agency continues to lease space at 40-42 Main St. in the city of Cortland and is in the process of acquiring the building from the current owner. The acquisition would solidify the Agency's presence in Cortland's central business district as work to revitalize the street continues and would also comprise a meaningful and cost-effective approach to managing the Agency's overhead costs. The process of acquiring is being delayed by grant funding the current owner is waiting to receive. Upon receipt of that funding, the Agency will begin discussions to decide if a purchase would be in the Agency's best interest.

iSpice
The announced closure of a major manufacturing facility in the city of Cortland in 2022 left a considerable employment hole in the community, but the Agency and its partners worked with new building owners to facilitate the acquisition by a new employer in the city center. The 500,000-square-foot building has a new manufacturer called iSpice and will eventually employ around 350 people. A Payment in Lieu of Tax agreement was negotiated and approved by the Agency board of directors in November of 2023. The Agency is still working towards closing in early 2024 and the company will start ramping up employment and production in mid-2024. A smaller company site on Huntington Street was sold to a new owner who will open cannabis-related operations there soon.

Homer DRI
In 2023 the Village of Homer was announced to have been awarded a $10 million DRI award. The Village, with assistance from a state-approved consultant, formed a community advisory panel, with Agency staff, to put together an investment package of projects to be approved by the state. These projects have been sent to the state for approval and the Village is waiting on final acceptance of projects and dollar amounts, to commence projects in the Village. These projects in the Village of Homer will likely include the involvement of the Agency as major projects in the application will need some assistance moving forward. The projects are highly impactful for the Village and the greater Cortland County community.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT
This financial report is designed to provide the Agency's clients, investors, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Cortland County Industrial Development Agency, 40 Main St., Cortland, New York 13045.
.

CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENT OF NET POSITION
DECEMBER 31, 2023

ASSETS	
Current Assets	
Cash and Cash Equivalents - Unrestricted	$ 1,100,451
Prepaid Expenses	1,155
Leases Receivable - Short-Term	13,008
Total Current Assets	1,114,614
Noncurrent Assets	
Capital Assets, Net	676
Investments in Property	604,797
Leases Receivable - Long-Term	55,588
Total Noncurrent Assets	661,061
Total Assets	1,775,675
LIABILITIES	
Accounts Payable	156
Due to CCBDC	91,835
Unearned Revenue	81,950
Total Liabilities	173,941
Deferred Inflows of Resources - Leases	68,596
NET POSITION	
Net Investment in Capital Assets	676
Unrestricted	1,532,462
Total Net Position	**$ 1,533,138**

See Notes to Financial Statements

CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2023

Operating Revenues	
Fee Income	$ 24,982
Lease Income	12,671
Interest Income	2,162
Grant Income	61,149
Other Income	1,500
Total Operating Revenues	102,464
Operating Expenses	
Administrative Support - CCBDC	50,000
Professional Services	16,954
Insurance	1,521
Special Projects	17,545
Other Expenses	1,023
Total Operating Expenses	87,043
Operating Income	15,421
Nonoperating Revenues (Expenses)	
Interest and Earnings	22,406
Total Nonoperating Revenues	22,406
Change in Net Position	37,827
Net Position, January 1, 2023	1,495,311
Net Position, December 31, 2023	**$ 1,533,138**

See Notes to Financial Statements

CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

Cash Flows From Operating Activities	
Cash Received from Providing Services	$ 49,364
Cash Payments - Contractual Expenses	(122,980)
Net Cash Provided (Used) by Operating Activities	(73,616)
Net Cash Provided (Used) by Financing Activities	-
Cash Flows From Investing Activities	
Interest Income Received	22,406
Net Cash Provided (Used) by Investing Activities	22,406
Net Change in Cash and Cash Equivalents	(51,210)
Cash and Cash Equivalents, January 1, 2023	1,151,661
Cash and Cash Equivalents, December 31, 2023	**$ 1,100,451**
Reconciliation of Net Revenue Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income	$ 15,421
Adjustments to Reconcile Net Operating Revenue (Expense) to Net Cash Provided (Used) by Operating Activities	
Depreciation Expense	675
(Increase) Decrease in Prepaid Expenses	(112)
(Increase) Decrease in Lease Receivable	12,671
Increase (Decrease) in Accounts Payable	(36,500)
Increase (Decrease) in Deferred Revenue	(53,100)
Increase (Decrease) in Deferred Inflows of Resources - Leases	(12,671)
Net Cash Provided (Used) by Operating Activities	**$ (73,616)**

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

Note 1 **Summary of Significant Accounting Policies**

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

Organization and Purpose

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

Reporting Entity

The financial reporting entity consists of (a) the primary government which is the Cortland County Industrial Development Agency; (b) organizations for which the primary government is financially accountable; and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," as amended.

Basis of Accounting

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

Cash and Cash Equivalents

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

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 and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings attributable to the acquisition, construction, or improvement of those assets.

- Restricted - Consists of resources with constraints placed on its use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.

- Unrestricted - Consists of all other resources that do not meet the definition of "restricted" and "net investment in capital assets."

Use of Estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Related Parties
Cortland County Business Development Corporation (the CCBDC) is a private, nonprofit organization founded in 1992 to attract new business, develop existing businesses, and promote and develop job opportunities in Cortland County. The Executive Director of the CCBDC acts as the Chief Executive Officer of the Agency; the Chief Finance Officer and Project Development Director of the CCBDC acts as the Chief Finance Officer and Project Development Director of the Agency; and the Board of Directors of the Agency are all members of the CCBDC's Board of Directors.

Cortland County Development Corporation (the CCDC) is a private, nonprofit organization founded in 2011 to attract new business, develop existing business, and promote and develop job opportunities in Cortland County. The Executive Director of the CCDC acts as the Chief Executive Officer of the Agency; the Chief Finance Officer and Project Development Director of the CCDC acts as the Chief Finance Officer and Project Development Director of the Agency; and members of the Board of Directors of the Agency are also members of the CCDC's Board of Directors.

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

Investments in Property
Investments in property are recorded at the lower of cost or fair market value and consist of land and land improvements held for investment purposes. The land and related improvements are not depreciated.

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

Leases - The Agency determines if an arrangement is or contains a lease at inception. The Agency records a right of use asset and lease obligations for leases in which they are the lessee, and lease receivables and deferred inflows of resources for leases in which they are the lessor. The amounts are initially based on the discounted future minimum lease payments over the term of the lease. The Agency uses the rate implicit in the lease agreement.

In some cases, the implicit rate is not easily determinable, and the Agency elects to use the rates from similar agreements to determine the present value of the payments.

The lease term is defined as the non-cancelable period of the lease plus any options to extend the lease when it is reasonably certain that it will be exercised. For leases with a term, including renewals, of 12 months or less, no intangible lease asset or liability has been recorded in accordance with the standard. The Agency's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Revenues
The Agency first utilizes restricted resources to finance qualifying activities.

Operating Revenues
Operating revenues of the Agency consist of administrative fees, proceeds from leasing arrangements and grants received for projects. Investment earnings are reported as non-operating revenues.

Note 2 **Deposits and Investments**
State statutes govern the Agency's investment policies. In addition, the Agency has its own written investment policy. Agency monies must be deposited in 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. Permissible investments include obligations of the U.S. Treasury and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at 105% of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

Total cash balances were $1,136,855 at December 31, 2023, all of which was FDIC insured. Carrying value of deposits at December 31, 2023 totaled $1,100,451.

Note 3 **Capital Assets**

At December 31, 2023, the Agency's capital assets consisted of the following:

Office Equipment	$	5,909
Leasehold Improvements		3,377
(Less): Accumulated Depreciation		(8,610)
Net Capital Assets	**$**	**676**

The Agency incurred depreciation expense of $675 for the year ended December 31, 2023.

Note 4 **Investments in Properties**

At December 31, 2023, the Agency held investments in three properties with a combined value of $604,797.

- The Agency maintains railroad property which it leases to New York, Susquehanna, and Western Railway Corporation (see Note 6). Value of the land at December 31, 2023 was $209,818.

- During 2015, Contento Redevelopment Local Development Corporation, Ltd., a former component unit of the Agency, was dissolved and a related parcel of land transferred to the Agency at a cost of $91,835 at December 31, 2023.

- During 2022, the Agency acquired land from Cort Holdings, LLC at a cost of $25,000. The Agency then provided betterments to the property in the amount of $278,144 resulting in a total investment in property of $303,144.

Note 5 **Payments in Lieu of Taxes**

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

In 2023, PILOT payments of $583,732 were received for real property tax payments compared to the $1,705,108 which would have been received if businesses paid taxes in full. Abatements in aggregate totaled $1,168,830. Exemptions for sales tax were $47,454.

Note 6 **Leases**

Lease Receivables

The Agency enters into agreements to lease space and other assets that are considered leases to outside organizations. The Agency is not party to any material short-term leases, and current leases do not require any variable payments.

Note 6 **Leases - Continued**

Leases receivable as of December 31, 2023 are as follows:

Description of Lease	Term of Lease	Discount Rate	Outstanding December 31, 2023
Park Outdoor - Digital Sign #1	1/1/2019-12/31/2028	2.660%	$ 31,215
Park Outdoor - Digital Sign #2	1/1/2019-12/31/2028	2.660%	31,215
Park Outdoor - Static Sign	1/1/2019-12/31/2028	2.660%	6,166
Total Lease Receivables			**$ 68,596**

The following is a summary of the future lease receivables:

Year	Lease Revenue	Lease Interest	Total
2024	$ 13,008	$ 1,825	$ 14,833
2025	13,354	1,479	14,833
2026	13,710	1,123	14,833
2027	14,074	759	14,833
2028	14,450	383	14,833
	$ 68,596	**$ 5,569**	**$ 74,165**

The Agency recognized lease revenue of $12,671 and interest income of $2,162 for the year ended December 31, 2023.

Note 7 **Related Party Transactions**

During 2015, Contento Redevelopment LDC, Ltd (Contento), a component unit of the Agency, was dissolved and all related property asset and liabilities were transferred to the Agency. Prior to the dissolution of Contento, the CCBDC had paid $91,835 in expenses related to a Contento property asset, and Contento had owed the CCBDC $91,835. At December 31, 2023, the Agency owed CCBDC $91,835. This amount is expected to be paid to CCBDC upon sale of the property.

During 2014, the Agency entered into an administrative service agreement with the CCBDC. Under this agreement, the Agency agreed to pay CCBDC $25,000 annually for administrative services commencing January 1, 2014. The agreement renews automatically unless terminated. During the fiscal year 2022, the agreement renewed under new terms that the Agency would pay $50,000 annually.

CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF PROJECTS
DECEMBER 31, 2023

Project Name	Project #	Purpose	Sales Tax Exemptions	Mortgage Tax Exemptions	Payments in Lieu of Taxes	Property Taxes if Not Exempt	Total Property Tax Exemptions	Base Year Jobs	Current Employment
Cortland Crown Homes	1101-07-01	Construction	$ -	$ -	$ 23,902	$ 62,430	$ 38,528	-	-
AK Community	1101-23-01	Housing	304	14,738	-	-	-	-	-
C'ville, LLC	1101-13-02	Manufacturing	-	-	78,721	230,965	152,244	-	86
Crescent Commons	1101-17-01	Housing/Commercial	-	-	-	290,249	290,249	-	2
Creamery Hills (SEPP Inc.)	1101-20-01	Housing	44,187	-	10,341	19,341	9,000	2	2
DG NY C'Ville #1	1101-21-03	Solar Construction	-	-	22,950	149,457	126,507	-	-
DG NY C'Ville #3	1101-21-04	Solar Construction	-	-	22,500	3,195	(19,305)	-	-
Greek Peak Holdings	1101-18-03	Tourism	-	-	-	-	-	80	103
Greek Peak Holdings	1101-22-01	Tourism	2,963	-	-	-	-	-	-
Janis Solar	1101-21-01	Solar Construction	-	-	30,600	260,645	230,045	-	-
Lapeer Solar	1101-19-01	Solar Construction	-	-	45,000	276,306	231,306	-	-
83-85 Main St.	1101-19-02	Commercial	-	-	14,000	13,664	(336)	-	-
Northeast Transformer	1101-13-01	Manufacturing	-	-	42,024	58,376	16,352	37	54
Forkey Construction & Fabrication	1101-14-01	Manufacturing	-	-	57,581	70,813	13,232	83	115
Pyrotek, Inc.	1101-11-02	Manufacturing	-	-	42,698	68,414	25,716	42	80
Sky Hospitality	1101-12-02	Tourism	-	-	88,112	100,608	12,496	-	10
Yellow 3 LLC	1101-21-02	Solar Construction	-	-	16,830	1,489	(15,341)	-	-
Suit-kote Corp.	1101-12-01	Construction	-	-	88,473	99,156	10,683	210	248
			$ 47,454	**$ 14,738**	**$ 583,732**	**$ 1,705,108**	**$ 1,121,376**	**454**	**700**

**Base Year Jobs = The number of employees before the project to the left; total current employees retained to the right.*

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 of
Cortland County Industrial Development Agency
Cortland, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Cortland County Industrial Development Agency (the Agency), a component unit of the County of Cortland, New York, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated February 20, 2024.

Report on Internal Control of 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 Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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

Respectfully submitted,

Insero & Co. CPAs, LLP

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
February 20, 2024