

**CORTLAND COUNTY
INDUSTRIAL DEVELOPMENT AGENCY**

Cortland, New York

FINANCIAL REPORT

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



CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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INDEPENDENT AUDITORS' REPORT

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

Opinions

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, and its discreetly presented component unit as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Cortland County Industrial Development Agency, as of December 31, 2021, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis on pages 4-4c 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 March 14, 2022, on our consideration of the Agency’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency’s internal control over financial reporting and compliance.

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 14, 2022

CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

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, 2021, and the result of its operations for the year then ended. Management has prepared the financial statements and related footnote disclosures along with this MD&A. The MD&A should be read in conjunction with the audited financial statements and related footnotes of the Agency, which directly follow the MD&A.

FINANCIAL HIGHLIGHTS

- Total revenue exceeded total expenses by \$593,067 in 2021, as compared to an excess of revenue over expenses of \$38,452 in 2020.
- Total revenue of \$636,263 in 2021 increased from revenue of \$97,342 in 2020, primarily due to several new solar projects taken on by the Agency.
- Total expenses of \$43,196 in 2021 decreased from \$58,890 in 2020, resulting in a reduction in overall costs by the Agency in the current year.
- Net position for the year ended December 31, 2021 amounted to \$1,520,281, reflecting an increase of \$593,067 from net position of \$927,214 at December 31, 2020.

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. Also included in these statements is the component unit of the Agency. The Agency includes one separate legal entity in its report: the Cortland County Agricultural Local Development Corporation. This component unit is reported discretely. Although legally separate, this component unit is important because the Agency is financially accountable for it and shares the same Board of Directors. The component unit does not prepare financial statements. However, financial information for the Cortland County Agricultural Local Development Corporation can be obtained from the Agency's administrative office at 40 Main St., Cortland, New York 13045. A description of the Agency's financial statements follows.

CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

- **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

<i>Condensed Statement of Net Position</i>	<i>Agency</i>		<i>Total Dollar Change</i>
	<i>2021</i>	<i>2020</i>	
<i>Current Assets</i>			
<i>Cash - Unrestricted</i>	\$ 251,282	\$ 103,924	\$ 147,358
<i>Investments - Unrestricted</i>	1,173,067	610,690	562,377
<i>Prepaid Expenses</i>	1,043	1,077	(34)
<i>Noncurrent Assets</i>			
<i>Capital Assets, Net</i>	2,026	3,644	(1,618)
<i>Investments in Property</i>	301,653	301,653	-
<i>Total Assets</i>	1,729,071	1,020,988	708,083
<i>Current Liabilities</i>			
<i>Accounts Payable</i>	2,955	1,939	1,016
<i>Due to BDC</i>	91,835	91,835	-
<i>Deferred Revenue</i>	114,000	-	114,000
<i>Total Liabilities</i>	208,790	93,774	115,016
<i>Net Investment in Capital Assets</i>	2,026	3,644	(1,618)
<i>Unrestricted</i>	1,518,255	923,570	594,685
<i>Total Net Position</i>	\$ 1,520,281	\$ 927,214	\$ 593,067

CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

Current assets were up significantly this year as a result of fees from new solar projects. Noncurrent assets remained relatively stable. The Agency received fees of \$114,000 for a solar project that will be closed on in the 2022 fiscal year. Fees from this project have been deferred and will be recognized in 2022.

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

Figure 2

<i>Changes in Net Position</i>	<i>Agency</i>		<i>Total Dollar Change</i>
	<i>2021</i>	<i>2020</i>	
<i>Operating Revenues</i>			
<i>Fee Income</i>	\$ 618,552	\$ 19,409	\$ 599,143
<i>Lease Income</i>	16,333	16,333	-
<i>Other Income</i>	90	2,700	(2,610)
<i>Non-Operating Revenues</i>			
<i>Interest and Earnings and Other</i>	1,288	58,900	(57,612)
<i>Total Revenues</i>	636,263	97,342	538,921
<i>Operating Expenses</i>			
<i>Professional and Administrative Expenses</i>	43,196	58,890	(15,694)
<i>Total Expenses</i>	43,196	58,890	(15,694)
<i>INCREASE IN NET POSITION</i>	\$ 593,067	\$ 38,452	\$ 554,615

Total revenues of the Agency increased \$538,921, due to large project fees on new solar projects. Total expenses of the Agency decreased \$15,694. The decrease in expenses stems from a reduction in overall costs in the current year.

The Cortland County Agriculture Local Development Corporation had \$1,006 in restricted cash and net position of \$430 at December 31, 2021, compared to \$2,952 in the prior year. This was primarily the result of an easement being paid in the current year. The Board voted for the dissolution of the Corporation and is currently in the process of undertaking those proceedings.

2022 FACTORS BEARING ON THE AGENCY'S FUTURE

Downtown Investment

Planning and design activities are near completion for the reconstruction of Main Street and related projects in downtown Cortland as proposed under the city's \$10 million Downtown Revitalization Initiative (DRI) grant. Actual construction for Main Street is scheduled to begin in the spring. The agency and its partners are assembling and will be staffing a public information campaign designed to keep downtown stakeholders aware of the projects progress as it runs through 2022 and 2023.

Other significant investments outside of the DRI continue in and near the downtown district. These projects play an important role in the ongoing work to revitalize the district.

CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2021

APEX

The former APEX manufacturing site on the city's east end was mothballed in 2017. The condition of the facilities prevented any future use, and the buildings were razed in the summer of 2021. The site, which is still littered with construction and demolition materials, has been identified by the CCIDA as having high value for redevelopment. The Agency is currently in negotiations to acquire the site, facilitate any environmental remediation that may be required, and begin work toward marketing the site for productive reuse.

Buckbee Mears Development Site

Under new ownership, the 200,000-square-foot facility is now partially occupied with about three-quarters of the building still available for lease. The Agency is working with the owner to market the site, which has potential to develop as a unique local and regional employment asset.

Solar Development

The Agency has incentivized seven solar projects of varying sizes over the past year, with a sole remaining project in the pipeline to date 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 are currently seeking siting permits from the state, as well. The IDA expects to have involvement with the project upon the granting of state permits and a request from the company for tax abatements and other incentives.

Agency Headquarters

The CCIDA leases space at 40-42 Main St. in the city of Cortland and is desirous of acquiring the building from the current owner. The acquisition, planned for this year, 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.

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, 2021

	<u>Primary Government</u>	<u>Cortland County Agricultural Local Development Corporation</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents - Unrestricted	\$ 251,282	\$ -
Cash and Cash Equivalents - Restricted	-	1,006
Investments - Unrestricted	1,173,067	-
Prepaid Expenses	1,043	-
Total Current Assets	<u>1,425,392</u>	<u>1,006</u>
Noncurrent Assets		
Capital Assets, Net	2,026	-
Investments in Property	301,653	-
Total Noncurrent Assets	<u>303,679</u>	<u>-</u>
Total Assets	<u>1,729,071</u>	<u>1,006</u>
LIABILITIES		
Accounts Payable	2,955	576
Due to BDC	91,835	-
Deferred Revenue	114,000	-
Total Liabilities	<u>208,790</u>	<u>576</u>
NET POSITION		
Net Investment in Capital Assets	2,026	-
Restricted	-	430
Unrestricted	1,518,255	-
Total Net Position	<u><u>\$ 1,520,281</u></u>	<u><u>\$ 430</u></u>

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, 2021

	Primary Government	Cortland County Agricultural Local Development Corporation
	<u> </u>	<u> </u>
Operating Revenues		
Fee Income	\$ 618,552	\$ -
Lease Income	16,333	-
Other Income	90	-
Total Operating Revenues	<u>634,975</u>	<u>-</u>
 Operating Expenses		
Administrative Support - BDC	25,000	-
Professional Services	14,583	-
Insurance	1,600	-
Other Expenses	2,013	2,523
Total Operating Expenses	<u>43,196</u>	<u>2,523</u>
 Operating Income (Loss)	<u>591,779</u>	<u>(2,523)</u>
 Nonoperating Revenues (Expenses)		
Interest and Earnings	1,388	1
Gain (Loss) on Sale of Asset	(100)	-
Total Nonoperating Revenues	<u>1,288</u>	<u>1</u>
 Change in Net Position	593,067	(2,522)
 Net Position, January 1, 2021	<u>927,214</u>	<u>2,952</u>
 Net Position, December 31, 2021	<u><u>\$ 1,520,281</u></u>	<u><u>\$ 430</u></u>

See Notes to Financial Statements

CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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

	<u>Primary Government</u>	<u>Cortland County Agricultural Local Development Corporation</u>
Cash Flows From Operating Activities		
Cash Received from Providing Services	\$ 748,975	\$ -
Cash Payments - Contractual Expenses	<u>(41,128)</u>	<u>(2,181)</u>
Net Cash Provided (Used) by Operating Activities	<u>707,847</u>	<u>(2,181)</u>
Net Cash Provided (Used) by Financing Activities	<u>-</u>	<u>-</u>
Cash Flows From Investing Activities		
Net Book Value of Disposed Asset	500	-
Purchase of Investments	(562,377)	-
Interest Income Received	<u>1,388</u>	<u>1</u>
Net Cash Provided (Used) by Investing Activities	<u>(560,489)</u>	<u>1</u>
Net Change in Cash and Cash Equivalents	147,358	(2,180)
Cash and Cash Equivalents, January 1, 2021	<u>103,924</u>	<u>3,186</u>
Cash and Cash Equivalents, December 31, 2021	<u>\$ 251,282</u>	<u>\$ 1,006</u>
Reconciliation of Net Revenue Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Revenue (Expense)	\$ 591,779	\$ (2,523)
Adjustments to Reconcile Net Operating Revenue (Expense) to Net Cash Provided (Used) by Operating Activities		
Depreciation Expense	1,018	-
Decrease in Prepaid Expenses	34	-
Increase in Accounts Payable	1,016	342
Increase in Deferred Revenue	<u>114,000</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 707,847</u>	<u>\$ (2,181)</u>

See Notes to Financial Statements

CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

***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.

The decision to include a potential component unit in the Agency's reporting entity is based on several criteria set forth in GASB Statement No. 14, "The Financial Reporting Entity," as amended. Based on the application of this criteria, the following are included as discretely presented component units:

- Cortland County Agricultural Local Development Corporation (Ag Corp) - The Ag Corp was created under Article 14 of New York not-for-profit corporation law to provide and administer agricultural easements in Cortland County. The Ag Corp's Board of Directors is the same as the Agency's Board of Directors.

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.

CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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

Equity Classifications - Statement of Net Position

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation 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 BDC) is a private, nonprofit organization founded in 1992 to attract new business, develop existing business and promote and develop job opportunities in Cortland County. The Executive Director of the BDC acts as the Chief Executive Officer of the Agency; the Chief Finance Officer and Project Development Director of the BDC 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 BDC’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.

Revenues

The Agency first utilizes restricted resources to finance qualifying activities.

CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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

Operating Revenues

Operating revenues of the Agency and its component unit consist of administrative fees. 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 \$1,423,848 at December 31, 2021, all of which was FDIC insured. Carrying value of deposits at December 31, 2021 totaled \$1,424,348.

Component unit bank balances and carrying value totaled \$1,006 at December 31, 2021 and were entirely insured.

The Agency also had the following twelve-month certificates of deposit stated at fair value, at December 31, 2021:

<u>Type of Investment</u>	<u>Maturity Date</u>	<u>Cost</u>	<u>Carrying Amount Fair Value</u>	<u>Level</u>
Certificate of Deposit	May 4, 2022	\$ 306,814	\$ 306,814	(2)
Certificate of Deposit	June 8, 2022	415,910	415,910	(2)
Certificate of Deposit	February 4, 2022	225,000	225,170	(2)
Certificate of Deposit	March 21, 2022	225,000	225,173	(2)
Total		<u><u>\$ 1,172,724</u></u>	<u><u>\$ 1,173,067</u></u>	

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation of inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Agency does not typically purchase investments for a duration long enough to cause it to believe that it is exposed to any material interest rate risk.

CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

Note 3 Capital Assets

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

Office Equipment	\$ 5,909
Leasehold Improvements	3,377
Less: Accumulated Depreciation	<u>(7,260)</u>
Net Capital Assets	<u><u>\$ 2,026</u></u>

The Agency incurred depreciation expense of \$1,018 for the year ended December 31, 2021.

Note 4 Investments in Properties

At December 31, 2021, the Agency held investments in two properties with a combined value of \$301,653.

- 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, 2021 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, 2021.

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 2021, PILOT payments of \$589,803 were received for real property tax payments compared to the \$1,552,009 which would have been received if businesses paid taxes in full. Abatements in aggregate totaled \$962,206. Exemptions for sales tax were \$60,480.

Note 6 Leases

On April 15, 1982, a 30-year land lease was signed with New York, Susquehanna, and Western Railway Corporation for the lease of rail owned by the Agency. The lease amount was \$500 per year. Per resolution dated December 10, 2012, the Agency extended the agreement an additional 10 years to December 31, 2023; stipulating annual lease payments of \$1,500. In addition, the Agency leases three billboards to an advertising firm, per an agreement dated October 18, 2011; effective January 1, 2012 through December 31, 2022. The rate per billboard varies by the type with a combined annual rate of \$14,833.

CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2021

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 its dissolution, the BDC had paid and Contento had owed \$91,835 in expenses related to the property asset. At December 31, 2021, the Agency owed BDC \$91,835. This amount is expected to be paid to BDC upon sale of the property.

During 2014, the Agency entered into an administrative service agreement with the BDC. Under this agreement, the Agency agreed to pay BDC \$25,000 annually for administrative services commencing January 1, 2014. The agreement renews automatically unless terminated. Under the agreement, the Agency paid the BDC \$25,000 for the year ended December 31, 2021.

Note 8 **Economic Uncertainty - COVID 19**

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

Note 9 **AG Corp Dissolution**

During the year end December 31, 2021, the Board of Directors of the Ag Corp passed a resolution to dissolve the Ag Corp. At December 31, 2021 the Ag Corp had contracted with an attorney to file the appropriate documents and anticipates the dissolution to formally occur in the 2022 fiscal year.

Note 10 **Subsequent Event**

Subsequent to year end, the Agency entered into an agreement to purchase the former Apex Tool manufacturing property for \$25,000. The Agency is currently developing a plan for the use of the parcel.

CORTLAND COUNTY INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF PROJECTS DECEMBER 31, 2021

Project Name	Project #	Purpose	Sales Tax Exemptions	Mortgage Tax Exemptions	Payments in Lieu of Taxes	Property Taxes if not Exempt	Total Property Tax Exemptions	Jobs Before/ Jobs at 12/31/21
Clocktower Project	1101-10-04	Property Development	\$ N/A	\$ N/A	\$ -	\$ -	\$ -	N/A
Cortland Crown Homes	1101-07-01	Construction	N/A	N/A	20,661	61,481	40,820	N/A
Cortland Commerce Center, LLC	1101-10-01	Property Development	N/A	N/A	110,451	161,119	50,668	196/128
Cortland Plastics	1101-10-02	Manufacturing	N/A	N/A	43,951	50,492	6,541	39/59
C'ville, LLC	1101-13-02	Manufacturing	N/A	N/A	76,436	228,040	151,604	0/105
Crescent Commons	1101-17-01	Housing/Commercial	N/A	N/A	-	287,776	287,776	0/2
Creamery Hills (SEPP Inc.)	1101-20-01	Housing	N/A	N/A	51,272	60,272	9,000	2/2
DG NY C'Ville #1	1101-21-03	Solar Construction	N/A	N/A	-	2,143	2,143	N/A
DG NY C'Ville #3	1101-21-04	Solar Construction	N/A	N/A	-	-	-	N/A
Greek Peak Holdings	1101-18-03	Tourism	N/A	N/A	-	-	-	80/89
Janis Solar	1101-21-01	Solar Construction	12,100	N/A	-	19,084	19,084	N/A
Lapeer Solar	1101-19-01	Solar Construction	N/A	N/A	45,000	278,257	233,257	N/A
83-85 Main St.	1101-19-02	Commercial	48,380	N/A	14,000	13,391	(609)	N/A
Northeast Transformer	1101-13-01	Manufacturing	N/A	N/A	27,687	55,710	28,023	37/45
Forkey Construction & Fabrication	1101-14-01	Manufacturing	N/A	N/A	54,444	72,165	17,721	83/95
Pyrotek, Inc.	1101-11-02	Manufacturing	N/A	N/A	22,875	67,548	44,673	42/66
Sky Hospitality	1101-12-02	Tourism	N/A	N/A	62,404	99,335	36,931	0/9
Yellow 3 LLC	1101-21-02	Solar Construction	N/A	N/A	-	569	569	N/A
Suit-kote Corp.	1101-12-01	Construction	N/A	N/A	60,622	94,627	34,005	210/210
			\$ 60,480	\$ -	\$ 589,803	\$ 1,552,009	\$ 962,206	689/810

**Jobs Before Column = 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, and its discretely presented component unit, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 14, 2022.

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

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

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,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
March 14, 2022