

COUNTY OF OTSEGO
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of Otsego County, New York)

FINANCIAL STATEMENTS

Years Ended December 31, 2014 and 2013

COUNTY OF OTSEGO
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of Otsego County, New York)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
County of Otsego Industrial Development Agency
242 Main Street
Oneonta, New York

We have audited the accompanying statements of net position of County of Otsego Industrial Development Agency ("COIDA"), a component unit of Otsego County, New York, as of December 31, 2014 and 2013, and the related statements of revenues, expenses and changes in net position, and statements of cash flows and the related notes for the years then ended.

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 of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 COIDA'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 COIDA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of COIDA as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on Pages 4 – 9 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, 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 method 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 audits 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.

Our audits are conducted for the purpose of forming an opinion on COIDA's financial statements as a whole. The supplemental information on Pages 22 – 26 in the other financial information section is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplemental information that is required by the Office of 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. The 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 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 30, 2015 on our consideration of COIDA'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 COIDA's internal control over financial reporting and compliance.

Mostert, Manzanero & Scott, LLP

Oneonta, New York
March 30, 2015

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT DISCUSSION AND ANALYSIS

As the financial management of the County of Otsego Industrial Development Agency (“COIDA”), we offer readers of these financial statements this narrative overview and analysis of the financial activities for COIDA for the fiscal year ended December 31, 2014. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. COIDA encourages its readers to consider the information presented here in conjunction with the financial statements taken as a whole.

Budget

COIDA budgets its operating income and expenses each year. COIDA’s primary source of income is generated through lease payments on buildings it owns in the Pony Farm Industrial Park, interest income on loans and fees for services including sale/leaseback agreements.

Expenses for COIDA comprise mostly of general agency operations including development of and maintenance for the Pony Farm Industrial Park, professional service fees, staff and leased office space. COIDA did have employees for the first time in 2014; for years prior to that, COIDA’s executive and clerical support was provided by the Otsego County Economic Development Department.

Overview of the Financial Statements

This discussion and analysis accompanies COIDA’s financial statements, including notes to the financial statements and the reports on compliance and internal control to help the reader better understand the financials.

Financial Statements

COIDA’s financial statements provide readers with a comprehensive reporting of COIDA’s 2014 transactions and balances. The difference between the assets and liabilities are reported as net position. Increases or decreases in net position are an indicator of strengthened or weakened financial position.

Notes to the Financial Statements

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

Financial Analysis

Operating income for COIDA was (\$771,587) for fiscal year 2014, compared to \$44,562 for the fiscal year 2013. This represents a decrease in revenue of \$20,096 and an increase in expenses of \$796,053. The revenue increase was mainly caused by an increase of \$50,073 in rental income and other income and a decrease of \$70,169 in interest income on notes and fees. The increase in expenses was mostly related to an increase in expenses for consulting and professional fees of \$236,027, bad debt expense in the amount of \$352,518, salaries and wages of \$122,418 and maintenance of soccer fields of \$25,000. At the close of fiscal year 2014, COIDA had net position of \$6,157,614, an increase of \$1,389,474 from the prior year. The term “net position” refers to the difference between assets and liabilities.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT DISCUSSION AND ANALYSIS

COIDA's prime objective is to provide assistance to existing businesses, expansions and business startups with professional assistance, tax incentives, educational programs and access to capital for the purposes of creating jobs and economic development activity within Otsego County. The loan funds are comprised of investments dedicated to this purpose and matching funds from COIDA's accumulated working capital. The revolving loan fund in COIDA's statement of net position is the major asset. For COIDA's loan funds, the financial statement shows a net decrease of \$498,276 from \$1,180,345 at year-end 2013 to \$682,069 at year-end 2014.

COIDA's current major capital assets are the former Soccer Hall of Fame property in Oneonta, the Pony Farm Industrial Park in Oneonta, and property in Richfield Springs for a future industrial park. These projects are concurrent with COIDA's objectives of encouraging economic development in the county.

ACCOMPLISHMENTS

Activities:

Transition

In 2014, COIDA formally separated its operations from those of Otsego County, which had provided staff and office space on a contractual basis to the Agency since COIDA was formed. In January, COIDA hired its first employee, Elizabeth Horvath, as COO, and entered into a three-year contract for professional services with Alexander "Sandy" Mathes, Jr., to serve as CEO. In May, COIDA moved into leased office space at 189 Main Street in Oneonta, having outfitted the offices with desks, computers, etc., and in June, hired Dawn Rivers to act as Director, overseeing workforce development activities and exploring the possibility of establishing an incubator in COIDA's offices. In August, COIDA hired an executive assistant to support the professional staff. COIDA has now established payroll procedures and employee procedures that were unnecessary before early 2014. The financial result of these changes can be seen most prominently in increases in contractual expenses, salary and benefits, and leased office space and fixed asset acquisitions.

COIDA hired Paperkite Creative to help the Agency develop a brand, logo and marketing materials, including a high-functioning website that will be used as a marketing and development tool to reach site selectors and to recruit new business to the area in support of our increased business development efforts.

COIDA's Board continued to meet on a monthly basis to address the Agency's governance and projects, and as a new and improved practice, the Audit & Finance Committee, and the Project Committee, began to meet monthly as well, in the first case to thoroughly review financials and the loan portfolio, and in the latter case to address the complexities of various development projects underway. Oversight of the Agency's operations has thus dramatically increased in frequency and content across 2014.

Towards the end of 2014, COIDA migrated its financials from Sage/Peachtree to QuickBooks, running both systems in parallel for a few months before migrating solely to QuickBooks in early 2015. Use of QuickBooks has enabled COIDA staff, working with Jim Lozano, President of CFO for Hire, to create more granular methods to (1) categorize expenses accurately, (2) track expenses and revenues against budget, (3) track financials by class (for example, Pony Farms Industrial Park, Richfield Springs, the Center); further, the general ledger was reformatted to provide better reporting information to the Board. The correcting entries that needed to be addressed during the audit were as a result of the migration and transition as described above. It is believed that the new system is now operational and should limit or eliminate these errors going forward.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT DISCUSSION AND ANALYSIS

Staff met individually with COIDA loan clients, particularly those with delinquent loans, and worked to re-establish a payment stream, successfully in some cases. COIDA's loan portfolio has become healthier as a result. The Agency also made loan-loss reserve provisions towards the end of 2014 that reflect the Agency's asset values more accurately than in years past, which resulted in a bad debt expense of \$444,485.

In 2014, dozens of businesses made inquiries into economic development services. Many of the businesses were directed to the Small Business Development Center for assistance with creating business plans. Businesses requested information to source financing to start or expand their businesses or locating appropriate buildings or properties.

COIDA worked directly with Larry's Custom Meats, Brewery Ommegang, Springbrook, Pathfinder Village, Custom Electronics, IOXUS, Siemens, Northern Eagle, Brooks, Olli's Farm and many other companies throughout 2014.

Susquehanna Regional Center for Growth

In the spring of 2014, COIDA's Board approved the hiring of Dawn Rivers as Director of the Center, which is designed to partner with educational entities K-16 regionally to create workforce "pipelines" for existing and anticipated businesses in Otsego County. The Center has received \$200,000 in CDBG funds for training activities, and is anticipated to receive \$100,000 from ESD in 2015 to equip the Center with technology and desks to accommodate classes. The Center is working directly with existing businesses in the County to identify workforce development needs and to create curricula to address them, specifically with Pathfinder Village, Burt's Rigid Box and Corning as "pilot programs."

Grants

In June of 2014, COIDA applied for several grants through the State's CFA process, and for CDBG "set-asides," and was successful with seven: \$200,000 for its workforce development initiative, \$200,000 to create an Agriculture Microenterprise Grant fund for small agribusinesses, \$400,000 for Springbrook to rehabilitate a number of its group homes, \$105,000 for Northern Eagle to purchase hops-related equipment, \$60,000 for Morris Tent to expand its operations, \$58,000 to develop a comprehensive strategic plan for Cooperstown in order to provide development opportunities, and \$47,500 to complete a comprehensive study of rehabilitation of Oneonta's Rail Yards. The County Board has given COIDA sub recipient status for the six grants for which the County was the named applicant, and COIDA will manage these throughout 2015 to the benefit of the local economy and three individual firms.

In addition, two priority projects identified in the Mohawk Valley Region for COIDA – the development of an Agricultural Hub on Market Street in Oneonta, and the feasibility, planning and development of a potential site plan and infrastructure for the Richfield Business Park – were identified at the end of 2014 as being eligible for, and likely to receive, funding from a new ESD fund, the MVREDC "Momentum Fund." COIDA expects positive news on this front in early 2015.

Cooperstown Plan

COIDA funded the first phase of the development of a strategic and revitalization plan for Cooperstown, in order to identify development nodes, attract new business and revitalize the Main Street and greater community.

Investment

In early 2014, COIDA approved an investment in Brooks' Bottling Plant for \$150,000 for necessary equipment purchases in order to expand and add several jobs to the company.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT DISCUSSION AND ANALYSIS

Education

Staff attended NYS EDC continuing-education conferences, and the COO completed both the IEDC's Basic Economic Development course as well as Empire State's Accounting for Decision-Makers course.

Real Property:

Former Soccer Hall of Fame

At the end of 2014, COIDA acquired from OCDC the former Soccer Hall of Fame property (appraised independently by the Olin Group at \$2,320,000). COIDA continues to lease the building to IOXUS, and has a contract in place for 2015 with Oneonta Youth Soccer Association, in which OYSA agrees to maintain the fields, bleachers, scoreboards, etc. in exchange for use of the fields for games and tournaments (thus making use of the fields available to teams throughout New York). Effort continues to identify strategies to expand the use of these facilities in the shoulder and winter seasons.

Projects:

Richfield Springs Business Park Development

Richfield Springs continues to be an attractive area for economic development, particularly given its access to Route 20, proximity to Utica and Interstate 88, and substantial infrastructure. COIDA continues to possess its plot of real property in Richfield Springs, and in 2014 signed a two-year option to purchase a parcel of more than 100 acres in Richfield. COIDA will spend the first half of 2015 pursuing feasibility, archeological and engineering studies to determine the viability of this parcel for future development.

Pony Farms Industrial Park

With Delaware Engineering, COIDA spent much of 2014 getting its parcels of land in the Pony Farms Park "shovel-ready;" COIDA expects to begin aggressively marketing these parcels in 2015.

Broadband Development

Lack of county-wide broadband access has been a long-standing barrier to economic development. In 2014, COIDA terminated a relationship with a last-mile broadband provider due to failure to perform, and as a result had to forego the \$550,000 Connect NY grant that had been awarded in 2013. Instead, in order to pursue blanketing the County with 10 down/1 up broadband service, COIDA commissioned FARR Technologies to create a thorough broadband implementation, feasibility and cost study for broadband rollout. COIDA has used FARR's findings to create a partnership between Otsego Electric Cooperative, Middleburgh Telco, Otsego County and itself to implement broadband services in Otsego County, and to seek grants and other sources of financing, possibly in conjunction with Schoharie County, in 2015.

Science, Technology, Engineering, and Mathematics (STEM) Initiatives

COIDA continued to assist with the implementation of Project-Lead-the-Way into the Milford School District by providing financial support (\$10,000) to Creating Opportunity in Rural Education (CORE), for teacher training and certification. Milford School District is the first school in Otsego County to be offering this nationwide, STEM centered curriculum.

Rail Industrial Side Project

A project begun in late 2012 to explore adding additional rail siding to the D&H rail yard continued to be pursued. Grant funding for a study will move this project forward aggressively in 2015.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT DISCUSSION AND ANALYSIS

PILOTS

Otsego County Health Facilities Corporation (OCHFC)

The OCHFC was sold to Phoenix Mills Realty in the Fall of 2014, and COIDA conferred the already-approved PILOT on the new entity. Otsego County had been running at a loss of approximately \$8mm/year operating OCHFC; the PILOT is expected to preserve dozens of jobs at the facility, and enable Otsego County to regain a solid financial footing.

Brooks Realty

COIDA received an application for financial assistance from Brooks Realty, in order to freeze real property taxes to help the entity absorb an unexpected \$1,000,000 expense to create a wastewater treatment plant. COIDA's board finalized approval of this PILOT in early 2015, and the PILOT is expected to enable Brooks to retain 100 full-time jobs in its Oneonta operations.

Northern Eagle

In the late summer of 2014, COIDA approved a sale/leaseback agreement with Northern Eagle Beverages, to provide critical financial assistance for the company's \$9,550,000 project to build a new warehouse, office space, brewery, brew pub and tasting room on its Browne Street property. The PILOT is expected to close in 2015.

Economic Factors

2014 continued to be a difficult economic environment, on the global, national and local level. Locally, most businesses are not growing, and the population is stagnant or declining, making growth all the more challenging. Commercial lending continued to lag, hampering the access to capital many businesses need for growth and stability. However, throughout the year, COIDA continued to reach out to existing businesses for growth opportunities and to identify business retention cases. Agribusiness and growth in the downtown Oneonta and Cooperstown areas continue to be of significant focus for economic activity during the year.

As the 2014 year closed, our goals remain in conjunction with Governor Cuomo's Regional Economic Development Councils and the commitment to streamline economic development agencies and programs, develop regional strategic plans and build a pipeline for targeted economic development initiatives.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT DISCUSSION AND ANALYSIS

The following is a 2014-2013 comparative summary of COIDA's financial statements, showing the increase in net position:

	<u>2014</u>	<u>2013</u>
Current assets	\$ 1,682,009	\$ 1,988,728
Non-current assets	<u>4,511,829</u>	<u>2,827,928</u>
Total assets	6,193,838	4,816,656
Current liabilities	<u>36,224</u>	<u>48,516</u>
Net position	<u>\$ 6,157,614</u>	<u>\$ 4,768,140</u>

CHANGES IN NET POSITION

Operating revenues	\$ 346,706	\$ 366,802
Operating expenses	<u>(1,118,293)</u>	<u>(322,240)</u>
Operating income (loss)	(771,587)	44,562
Non-operating income (expenses):		
Contribution of land and building	2,164,764	-
Payment in lieu of taxes	(9,050)	(6,254)
Interest income – Other	<u>5,347</u>	<u>1,206</u>
Change in net assets	1,389,474	39,514
Net assets, beginning of year	<u>4,768,140</u>	<u>4,728,626</u>
Net assets, end of year	<u>\$ 6,157,614</u>	<u>\$ 4,768,140</u>

2015 MARKETING INITIATIVES

- Develop property fact sheets for direct marketing campaigns and website viewing and downloading.
- Develop a comprehensive inventory of available sites and buildings for lease or purchase.
- Local advertising/press releases.
- Participation in a trade show/Target Industry Event.
- Direct mail campaign to site selectors and past leads generated.

2015 GOALS

- Conduct annual business retention and site visits to existing companies in Otsego County.
- Form relationships with strategic partners across the Region and State in order to promote job-creation and economic development throughout Otsego County.

Requests for Information

Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Elizabeth Horvath, Chief Operating Officer, County of Otsego Industrial Development Agency, 189 Main Street, Suite 500, Oneonta, New York 13820.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF NET POSITION

December 31, 2014 and 2013

<u>ASSETS</u>	<u>2014</u>	<u>2013</u>
Current assets:		
Cash and cash equivalents	\$ 888,937	\$ 938,511
Certificates of deposit	454,066	658,596
Accrued interest receivable	10,329	23,574
Prepaid expenses	15,677	6,537
Notes receivable - Current portion	313,000	361,510
Total current assets	<u>1,682,009</u>	<u>1,988,728</u>
Capital assets, net	<u>3,969,280</u>	<u>1,647,938</u>
Other assets:		
Other receivables	120,000	160,000
Due from OCCRC	2,000	2,000
Due from OCDC	-	199,155
Land for sale	51,480	-
Notes receivable - Long term - Net of allowance for bad debts of \$580,263 for 2014 and \$135,778 for 2013.	<u>369,069</u>	<u>818,835</u>
Total other assets	<u>542,549</u>	<u>1,179,990</u>
Total assets	<u>6,193,838</u>	<u>4,816,656</u>
 <u>LIABILITIES AND NET POSITION</u>		
Liabilities:		
Accounts payable	9,791	40,536
Accrued expense	3,000	-
Security deposits	15,033	-
Deferred revenue	8,400	7,980
Total liabilities	<u>36,224</u>	<u>48,516</u>
Net position:		
Investment in unrestricted capital assets, net of debt	3,969,280	1,647,938
Unrestricted net assets	<u>2,188,334</u>	<u>3,120,202</u>
Total net position	<u>\$ 6,157,614</u>	<u>\$ 4,768,140</u>

See accompanying notes.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN NET POSITION

Years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenues:		
Interest income on loans	\$ 15,773	\$ 38,742
Rental of real property	126,640	95,760
Administrative, pilot, bond and loan application fees	183,100	230,300
Other	<u>21,193</u>	<u>2,000</u>
Total operating revenues	<u>346,706</u>	<u>366,802</u>
Operating expenses:		
Contractual expenses:		
General	585,785	195,316
Industrial park	50,598	4,091
Rental real estate	6,183	7,951
Bad debt expense	444,485	91,967
Depreciation	<u>31,242</u>	<u>22,915</u>
Total operating expenses	<u>1,118,293</u>	<u>322,240</u>
Operating income (loss)	<u>(771,587)</u>	<u>44,562</u>
Non-operating revenues and expenses:		
Interest income other	5,347	1,206
Contribution of land and building	2,164,764	-
Payment in lieu of taxes	<u>(9,050)</u>	<u>(6,254)</u>
Total non-operating revenue and expenses	<u>2,161,061</u>	<u>(5,048)</u>
Net income	1,389,474	39,514
Net position - Beginning of year	<u>4,768,140</u>	<u>4,728,626</u>
NET POSITION - END OF YEAR	<u>\$ 6,157,614</u>	<u>\$ 4,768,140</u>

See accompanying notes.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF CASH FLOWS

Years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating and non-operating activities:		
Net income	\$ 1,389,474	\$ 39,514
Adjustments to reconcile net income to net cash provided by (used in) operating and non-operating activities:		
Depreciation	31,242	22,915
Increase (decrease) in allowance for bad debts	444,485	91,968
Non cash contribution of land and buildings	(2,164,764)	-
Changes in operating assets and liabilities:		
(Increase) decrease in accrued interest receivable	13,245	(2,653)
(Increase) decrease in prepaid expenses	(9,140)	(4,814)
(Increase) decrease in accounts receivable	40,000	47,500
Increase (decrease) in accounts payable & other liabilities	(12,292)	3,768
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(267,750)</u>	<u>198,198</u>
Cash flows provided by (used in) investing activities:		
Net certificates of deposit redeemed	204,530	650,659
Purchase of capital assets	(32,584)	(275,003)
Issuance of notes receivable and other receivables	(150,000)	-
(Increase) decrease in due to/from	(7,561)	(27,918)
Principal payments on notes receivable	203,791	186,445
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>218,176</u>	<u>534,183</u>
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (49,574)	 732,381
Cash and cash equivalents - Beginning of year	<u>938,511</u>	<u>206,130</u>
 Cash and cash equivalents - End of year	 <u>\$ 888,937</u>	 <u>\$ 938,511</u>

See accompanying notes.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2014

NOTE 1 ORGANIZATION

The County of Otsego Industrial Development Agency (COIDA) was organized May 1, 1973 by the Otsego County Legislature under the authority of General Municipal Law, Section 856.1A of the State of New York. COIDA is a component unit of Otsego County, New York, based on the criteria set forth in Governmental Accounting Standards Board (GASB) Statement 14 and as amended by GASB Statement 39.

COIDA was established to provide professional assistance, educational programs and loans for existing business expansions, business startups in Otsego County to encourage plant modernization, to create job opportunities and promote commerce and industry.

Related Entity

In 2009, the County of Otsego formed the Otsego County Capital Resource Corporation (OCCRC) to facilitate the issuance of civic facility revenue bonds. COIDA and OCCRC are considered related entities because they have similar board members and staff. However, OCCRC does not meet requirements of GASB to be considered a component unit of the COIDA.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of COIDA have been prepared in conformity with accounting principles generally accepted in the United States (U.S. GAAP). Significant accounting policies are:

Measurement Focus and Basis of Accounting

COIDA uses the measurement focus and basis of accounting as appropriate for proprietary funds. Measurement focus refers to what it measured and reported in the financial statements, while basis of accounting determines when a transaction or economic event is recognized.

COIDA is similar to a business enterprise, and utilizes a measurement focus based on the flow of economic resources. This includes the capitalization of fixed assets, charging depreciation expense and recording long-term debt as a liability. Accordingly, COIDA uses an accrual basis of accounting which recognizes revenues and expenses when they occur, regardless of cash flow.

Notes Receivable

Notes receivable are shown net of the allowance for uncollectible accounts in accordance with U.S. GAAP. Receivables for loans and mortgages are reviewed periodically by management to update the allowance for uncollectible amounts. These provisions are estimated based on an analysis of the aging of the receivable and any other factors known by management.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2014

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

Fee Income and Grant Accounting

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

Cash and Cash Equivalents

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

Fixed Assets

COIDA uses the accounting policy of capitalizing all fixed assets at cost in excess of \$2,000 with an estimated useful life in excess of one year. Depreciation of buildings and improvements are provided for over the estimated useful life, ranging from ten to forty years, of the respective assets, on a straight-line basis.

Contributed Facilities and Services

COIDA, with the consent of the Board of Representatives from Otsego County, is authorized to use and has shared county employees, facilities, and equipment and may reimburse the county an agreed upon proportion of the compensation or costs of the services provided. COIDA paid no expenses to Otsego County in 2014 and 2013. As of April 1, 2014, COIDA was no longer sharing facilities or using county employees to operate the organization.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Revenue and Expense Classification

COIDA 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 COIDA's principal on-going operations. COIDA'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.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2014

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

Deferred Revenue

COIDA receives advanced receipt of rental income from its rental properties. Prepaid rents are deferred until earned and recorded as collections in advance and recorded as earned income in the appropriate month.

Prepaid Expenditures

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Federal Income Taxes

COIDA is an entity that is operated by a governmental organization and is exempt from federal, state and local income taxes.

Net Position

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. Restricted – Consists of net assets with constraints on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments, or (2) laws through constitutional provisions or enabling legislation.
- c. Unrestricted – All other net assets that do not meet the definition of “invested in capital assets” or “restricted.”

New Accounting Pronouncements

During the fiscal year ended December 31, 2014, COIDA adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which will be effective for the year ending December 31, 2014. This statement provided financial reporting guidance for deferred outflows of resources and deferred inflows of resources. COIDA did not have any assets or liabilities that were required to be reclassified to either deferred outflows or inflows of resources for the year ended December 31, 2014.

Additionally, during the year ended December 31, 2014, COIDA completed the process of evaluating the impact that will result from adopting GASB Statements No. 61, *The Financial Reporting Entity; Omnibus – an amendment of GASB Statements No. 14 and No 34*, and No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and 62*. GASB Statements No. 61 and 66 have been adopted, as applicable, for the year ended December 31, 2014 and they did not have a material impact on COIDA's financial position or results from operations.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2014

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

Events Occurring After Reporting Date

COIDA has evaluated subsequent events through March 30, 2015, which is the date the financial statements were available to be issued.

NOTE 3 CERTIFICATES OF DEPOSIT

At December 31, 2014, there were two certificates of deposit totaling \$454,066 with varying interest rates. The certificates mature at various dates in 2015. At December 31, 2013, there were five certificates of deposit totaling \$658,596 with varying interest rates. The certificates mature at various dates in 2013 and 2015.

NOTE 4 FIXED ASSETS

Fixed assets are comprised of the following:

<u>2014</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Buildings	\$ 2,162,093	\$ 338,714	\$ 1,823,379
Improvements	210,769	173,136	37,633
Office equipment	<u>23,402</u>	<u>4,327</u>	<u>19,075</u>
Total depreciable assets	2,396,264	516,177	1,880,087
Land	1,153,590	-	1,153,590
Land improvements	<u>935,603</u>	<u>-</u>	<u>935,603</u>
Net fixed assets	<u>\$ 4,485,457</u>	<u>\$ 516,177</u>	<u>\$ 3,969,280</u>
 <u>2013</u>			
Buildings	\$ 511,007	\$ 318,844	\$ 192,163
Improvements	210,769	162,996	47,773
Office equipment	<u>3,095</u>	<u>3,095</u>	<u>-</u>
Total depreciable assets	724,871	484,935	239,936
Land	472,399	-	472,399
Land improvements	<u>935,603</u>	<u>-</u>	<u>935,603</u>
Net fixed assets	<u>\$ 2,132,873</u>	<u>\$ 484,935</u>	<u>\$ 1,647,938</u>

COIDA acquired the former National Soccer Hall of Fame property from OCDC in November 2014. The property was recorded at the appraised value of \$2,320,000 with \$206,716 being recorded as payment of a receivable from OCDC and the balance as a noncash contribution to COIDA.

Depreciation expense amounted to \$31,242 and \$22,915 for the years ended December 31, 2014 and 2013, respectively.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2014

NOTE 5 INDUSTRIAL PARK

COIDA is the owner of Pony Farm Industrial Park (approximately 70 acres) located in the Town and City of Oneonta. COIDA owns one 19,000 square foot building that is currently under lease. All the other buildings located in the park are privately owned. As of December 31, 2014, there were no vacant buildings in the Pony Farm Industrial Park. Improvements in the amount of \$870,314 have been made to the property.

COIDA owns approximately 59 acres of land in Richfield Springs, New York. This land was purchased as a site for an industrial park. Improvements in the amount of \$159,061 have been made to the Richfield Springs property.

NOTE 6 NATIONAL SOCCER HALL OF FAME PROPERTY (NSHOF)

During 2014, COIDA acquired the NSHOF property and it is recorded on the books as follows:

Land – Ioxus, Inc. – 14.07 acres	\$ 239,190
Building – Ioxus, Inc.	<u>1,560,810</u>
Total	1,800,000
Land – Soccer fields – 33.74 acres	442,000
Building – Concession stand	<u>78,000</u>
Total	<u>520,000</u>
Total land and building	<u>\$ 2,320,000</u>

As part of this agreement, COIDA was assigned the following agreements already in place:

Lease agreement with Ioxus, Inc. – a five year lease which expires March 31, 2016. Monthly rental payments are \$10,000 per month. Currently COIDA will be collecting \$12,500 of rental income per month through March 2015 which includes \$2,500 of deferred rent. Starting April 2015, all deferred rent will be paid and the monthly rent will be \$10,000.

COIDA was also assigned the following use agreements for this property:

Contract with Oneonta Youth Soccer Association (OYSA) for the use of the soccer fields through December 31, 2015. COIDA will also provide OYSA with \$25,000 to be used for field maintenance. COIDA paid \$25,000 during the year ended December 31, 2014 for field maintenance.

Contract with Catskill Area Hospice and Palliative, Inc. (Hospice) for use of the property for a period not to exceed four days in June or July 2015. COIDA will be paid a fee of \$2,500.

Future plans for this property are undecided. COIDA has a possibility of leasing property to a sports-related developer.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2014

NOTE 7 LINE OF CREDIT

COIDA has available a line of credit with Community Bank, N.A. in the amount of \$300,000, which is renewed annually. Bank advances on the line of credit are payable on demand and carry an interest rate of 4.25% as of December 31, 2014. The line of credit is secured by the borrowers' certificates of deposit with Community Bank, N.A. There were no outstanding balances at December 31, 2014 or 2013.

NOTE 8 NOTES RECEIVABLE

The following table summarizes COIDA's notes receivable.

<u>Borrower</u>	<u>Interest Rate</u>	<u>Monthly Payment</u>	<u>Maturity</u>	<u>12/31/14 Principal</u>	<u>12/31/13 Principal</u>
David Rees	4.0%	1,638	07-2018	\$ 90,850	\$ 100,558
TRC Enterprises #1	4.0%	520	12-2014	20,154	20,154
Centefonte Land, LLC	4.0%	1,519	12-2014	-	17,835
Butternuts Beer & Ale #2	4.0%	994	11-2016	58,890	58,890
TRC Enterprises #2	4.0%	296	08-2014	22,090	22,090
H.W. Naylor	4.0%	1,519	09-2017	47,383	63,364
Enviro Energy	4.0%	740	08-2023	68,534	74,047
Ioxus, Inc.	4.0%	2,734	09-2015	24,199	55,357
Cleinman, LLC	4.0%	1,025	12-2018	43,977	54,146
JSJJ Enterprises, LLC	4.0%	1,519	02-2019	94,519	100,477
Mold-A-Matic	4.0%	1,369	10-2016	36,516	53,520
Brewery Ommegang	4.0%	2,734	01-2017	65,396	94,941
Ioxus, Inc.	2.5%	1,299	12-2016	34,067	48,605
Oneonta Theater	4.0%	1,012	08-2020	85,979	85,979
Larry's Custom Meats	4.0%	1,012	08-2020	95,891	97,956
Brook's Bottling Company	4.0%	2,052	07-2021	142,196	-
The Plains	3.0%	2,695	03-2016	39,632	70,287
Foothills PAC	0.0%	1,667	06-2019	100,000	100,000
Cooperstown Distillery, LLC	4.0%	683	09-2020	42,059	47,917
Comp Direct USA	4.0%	*	11-2015	<u>150,000</u>	<u>150,000</u>
Subtotal				1,262,332	1,316,123
Less: Allowance for bad loans				<u>(580,263)</u>	<u>(135,778)</u>
Total				682,069	1,180,345
Less: Current portion				<u>(313,000)</u>	<u>(361,510)</u>
Total long-term portion, net				<u>\$ 369,069</u>	<u>\$ 818,835</u>

* Repayment of principal and interest will be deferred until November 1, 2015, at which time full payment of the loan will be due.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2014

NOTE 9 OTHER RECEIVABLE

During the prior year COIDA entered into a financial assistance agreement with a local tax-exempt organization for \$200,000. This agreement requires repayment of the funds disbursed, unless job creation requirements are met during the period beginning January 1, 2013 and ending December 31, 2017. At any time during this period the organization fails to satisfy the job creation requirements, the financial assistance shall be repaid as follows:

<u>Year</u>	<u>Amount of Repayment</u>
1	100% of the financial assistance
2	80% of the financial assistance
3	60% of the financial assistance
4	40% of the financial assistance
5	20% of the financial assistance

If financial assistance is required to be repaid, the repayment amount shall be amortized over 5 years with equal monthly payments of principal and interest at a fixed interest rate of 4%. The total amount advanced under this agreement was \$200,000. The tax-exempt organization met employment numbers for 2013 and 2014. The receivable was reduced by \$40,000 in 2013 and 2014 as the organization met the job creation requirements in both years.

NOTE 10 LEASES

Lessor

COIDA is a lessor in an operating lease agreement for the industrial incubator building through October 31, 2013. The monthly base rent increases from \$7,980 to \$8,400, starting November 1, 2013. The leasee paid the additional monthly rent of \$420 for November and December 2013 in 2013. COIDA received rental income under this lease in the amount of \$101,640 and \$95,760 for the years ending December 31, 2014 and 2013.

See Note 6 for lease agreement for Ioxus building.

Leasee

COIDA entered into a lease agreement for office space in 2014. The term of the lease is April 1, 2014 through December 31, 2016. Rent for 2014 per the agreement was \$17,500. Rent for the balance of the term of the lease is as follows:

2015	\$ 30,000
2016	38,000

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2014

NOTE 11 OUTSTANDING CIVIC FACILITY REVENUE BONDS

Structured similar to industrial revenue bonds, civic facility bonds are tax-exempt bonds issued for projects undertaken by not-for-profit “civic facilities” owned or occupied by not-for-profit corporations organized and existing under the laws of or authorized to conduct activities in New York State. COIDA is no longer able to provide civic facility bond financing since Section 854 of the NYS General Municipal Law expired. Otsego County Capital Resource Corporation (OCCRC) will now facilitate for issuance of civic facility revenue bonds for eligible organizations throughout the county.

NOTE 12 OUTSTANDING INDUSTRIAL REVENUE BOND AND NOTE TRANSACTIONS

Certain industrial development revenue bonds and notes issued by COIDA are secured by property that is leased to companies and is retired by lease payments. The bonds and notes are not obligations of COIDA or the State of New York. COIDA does not record the assets or liabilities resulting from completed bond and note issued in its accounts, since its primary function is to arrange the financing between the borrowing companies and the bond and note holders, and funds arising therefrom are controlled by trustees or banks acting as fiscal agents. For providing this service, COIDA receives bond administration fees from the borrowing companies. This administrative fee income is recognized immediately upon issuance of bonds and notes. Since its inception, COIDA has issued various bonds and notes under these and similar arrangements.

NOTE 13 FINANCIAL INSTRUMENTS WITH CONCENTRATION OF CREDIT RISK

Cash and Cash Equivalents

State statutes govern COIDA’s investment policies. In addition, COIDA has its own written investment policy. COIDA monies must be deposited in FDIC insured commercial banks or trust companies located within New York 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 not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations to the United States and its agencies and obligations of New York State and its municipalities and school districts.

Total financial institution balances at December 31, 2014 and 2013 were either covered by FDIC insurance or collateralized by securities.

Notes Receivable

Notes receivable consists of numerous notes with businesses in Otsego County. COIDA has collateralized its interest in these notes by retaining the reversionary rights to the property or by acquiring additional liens and mortgages on the property.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2014

NOTE 14 RELATED PARTY TRANSACTIONS

COIDA has related party relationships with OCCRC and Otsego County Development Corp. (OCDC). The same personnel manager is at all three entities.

At December 31, 2014 and 2013, loans receivable from OCDC were \$-0- and \$199,155, respectively. These loans were made to help assist OCDC with the maintenance requirements of the NSHOF. These loans were fully repaid with the transfer of NSHOF property.

At December 31, 2014, COIDA had an amount due from OCCRC in the amount of \$2,000, for 2013 audit preparation fees. OCCRC did not repay these amounts in 2014.

NOTE 15 CONSULTING AND EMPLOYMENT AGREEMENT

On January 9, 2013, COIDA entered into a three year consulting agreement, subject to annual renewal. This agreement requires payments of \$10,000 per month plus reimbursement for travel, entertainment, business membership and other related expenses up to \$35,000 per year.

NOTE 16 PRIOR PERIOD ADJUSTMENT

A prior period adjustment of \$40,000 has been made to record the reduction in other receivables as a result of meeting employment numbers in 2013. The 2013 other receivables was decreased and grant expense was increased by \$40,000 to reflect this adjustment.

* * * * *

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF BUDGETARY COMPARISON

Year ended December 31, 2014

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Revenue:			
Interest income - Certificates of deposits and banks	\$ 2,000	\$ 5,347	\$ 3,347
Interest income - Loans	48,000	15,773	(32,227)
Administrative, pilot, bond and loan application fees	140,000	183,100	43,100
Contribution of land and building	-	2,164,764	2,164,764
Other income	500	21,193	20,693
Grants	550,000	-	(550,000)
Rent	257,445	126,640	(130,805)
	<u>997,945</u>	<u>2,516,817</u>	<u>1,518,872</u>
Expenses:			
Promotional advertisements	59,700	3,136	(56,564)
Office rent	17,500	17,500	-
Membership dues	-	10,480	10,480
Computer and equipment expense	-	9,247	9,247
Utilities	4,545	1,035	(3,510)
Travel and seminars	5,000	19,938	14,938
Office expense	29,150	19,025	(10,125)
Insurance	13,300	13,287	(13)
Audit	-	6,200	6,200
Professional fees	189,600	333,599	143,999
Grants and program expense	42,500	52,500	10,000
Other expenses	27,220	1,679	(25,541)
Salaries and wages	105,800	105,164	(636)
Depreciation - General	-	31,242	31,242
Other employee benefits	-	20,688	20,688
Repairs and maintenance	107,600	29,088	(78,512)
Bad debt expense	-	444,485	444,485
Voluntary PILOTS	9,250	9,050	(200)
	<u>611,165</u>	<u>1,127,343</u>	<u>516,178</u>
Total expenses	<u>611,165</u>	<u>1,127,343</u>	<u>516,178</u>
Net income	<u>\$ 386,780</u>	<u>\$ 1,389,474</u>	<u>\$ 1,002,694</u>

See auditors' report.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF CONTRACTUAL EXPENSES

Year ended December 31, 2014

	<u>General</u>	<u>Industrial Park</u>	<u>Rental Real Estate</u>	<u>Total</u>
Insurance	\$ 7,870	\$ -	\$ 5,417	\$ 13,287
Advertising and promotion	3,136	-	-	3,136
Travel and seminars	19,938	-	-	19,938
Professional fees	293,289	46,510	-	339,799
Maintenance	25,000	4,088	-	29,088
Grants and program expense	52,500	-	-	52,500
Computer and equipment expense	9,247	-	-	9,247
Employee benefits	3,434	-	-	3,434
Office rent	17,500	-	-	17,500
Membership dues	10,480	-	-	10,480
Office expense	19,025	-	-	19,025
Utilities	269	-	766	1,035
Salaries and wages	105,164	-	-	105,164
Payroll taxes	17,254	-	-	17,254
Other	1,679	-	-	1,679
	<u>\$ 585,785</u>	<u>\$ 50,598</u>	<u>\$ 6,183</u>	<u>\$ 642,566</u>
Total contractual expenses	<u>\$ 585,785</u>	<u>\$ 50,598</u>	<u>\$ 6,183</u>	<u>\$ 642,566</u>

See auditors' report.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF SUPPLEMENTAL BOND AND NOTE INFORMATION

For the year ended December 31, 2014

Purchaser	Issuee	Issue Date	Price	Rate	Balance	Due Date
Wells Fargo	Mary Imogene Bassett Hospital Cooperstown, New York 13326	4/1/1998	\$ 15,000,000	5.125%	\$ 5,755,000	11/1/2020
Bond Purpose:	Refinance					
Wells Fargo	Mary Imogene Bassett Hospital Cooperstown, New York 13326	5/1/1998	14,900,000	5.125%	3,115,000	11/1/2020
Bond Purpose:	Refinance					
Cain Brothers	A.O. Fox Memorial Hospital Society Oneonta, New York 13820	10/15/1998	15,000,000	4.25%	-	10/1/2019
Bond Purpose:	Refinance					
Wells Fargo	St. James Retirement Community Oneonta, New York 13820	9/3/1998	4,080,000	2.80%	1,280,000	8/1/2023
Bond Purpose:	Construction					
Key Bank	Templeton Foundation Oneonta, New York 13820	6/1/2000	9,300,000	Adjustable	515,000	6/1/2015
Bond Purpose:	Construction					
Community Bank NA	A.O. Fox Memorial Hospital Society Oneonta, New York 13820	12/29/2004	6,900,000	5.21%	-	11/30/2030
Bond Purpose:	Building renovation and equipment					

See auditors' report.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF OUTSTANDING SALE AND LEASE AGREEMENTS

Year ended December 31, 2014

Project Owner Project Owner Address	Purpose	Issue Date	Due Date	Tax		
				Sales Tax Exemptions State	Local	Real County
Elizabeth Hotels, Inc. Market Street Oneonta, NY 13820	Acquisition and construction of building	3/1/2000	2/5/2021	\$ -	\$ -	\$ 17,136
Treffeison Properties I, LLC Roundhouse Road Oneonta, NY 13820	Acquisition and construction of building	12/21/2000	1/31/2016	-	-	979
R.J. Millworkers, Inc. Lewis Street Oneonta, NY 13820	Acquisition and renovation of building	10/23/2001	10/23/2016	-	-	3,163
Lutz Feed Company, Inc Lower River Street Oneonta, NY 13820	Acquisition and construction of building	5/17/2004	5/17/2019	-	-	1,132
Brewery Ommegang County Hwy 33 Cooperstown, NY 13326	Acquisition and construction of warehouse building(only)	2/25/2011	1/25/2026	-	-	7,868
The Plains at Parish St Hwy 7 Oneonta, NY 13820	Acquisition and Construction of Building	2/25/2011	1/25/2021	-	-	40,235
Klugo Oneonta 11849 East Corning Road Corning, NY 14830	Acquisition, Demo and Renovation of Building	2/1/2013	12/31/2028	1,312.13	1,312.13	4,900
Hillside Commons Oneonta 300 Plaza Drive Vestal, NY 13851	Construction of Student Housing	10/1/2014	10/1/2030	715,000	715,000	-
Focus Ventures * 386 Route 59, Suite #300 Airmont, NY 10952	Acquisition and renovation of nursing home	9/1/2014	12/31/2040	-	-	-
				\$ -	\$ -	\$ 75,413

* Project owner has not responded to our request for information

Exemptions			Payment in Lieu of Taxes			
Property Tax		Total	County	Payment in Lieu of Taxes		Total
Local	School	Exemptions		Local	School	
\$ 54,536	\$ 90,834	\$ 162,506	\$ 7,415	\$ 23,598	\$ 39,305	\$ 70,318
3,305	5,533	9,817	734	2,479	4,150	7,363
10,072	17,871	31,106	2,372	7,554	13,403	23,329
874	7,488	9,494	566	437	3,744	4,747
6,462	47,254	61,584	5,703	4,729	34,489	44,921
31,090	266,307	337,632	21,091	16,297	139,596	176,983
15,590	25,950	46,440	490	1,559	2,595	4,644
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 121,929</u>	<u>\$ 461,237</u>	<u>\$ 658,579</u>	<u>\$ 38,371</u>	<u>\$ 56,653</u>	<u>\$ 237,282</u>	<u>\$ 332,305</u>

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

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

Year ended December 31, 2014

Issue:	<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>
Mary Imogene Bassett Hospital 1998	1,721	-	1,721
Mary Imogene Bassett Hospital 1998	Incl. with MIBH above	-	Incl. with MIBH
A.O. Fox Memorial Hospital Society 1998	600	-	600
St. James Retirement Community 1998	-	10	-
Templeton Foundation 2000	-	-	-
A.O. Fox Memorial Hospital Society 2004	Incl. with AO Fox above	-	Incl. with AO Fox above
A.O. Fox Memorial Hospital Society 2004	Incl. with AO Fox above	2	Incl. with AO Fox above
Templeton Foundation 2007	Incl. with TF above	34	Incl. with TF above
Mary Imogene Bassett Hospital 2007	Incl. with MIBH above	-	Incl. with MIBH above
Project Owner:			
Focus Ventures *	-	-	-
Hillside Commons	-	3	3
Elizabeth Hotels, Inc.	-	25	-
Treffeisen Properties I, LLC	19	10	19
R.J. Millworkers, Inc.	9	8	9
Lutz Feed Co., Inc./Stephen Lutz	25	4	25
Brewery Ommegang	28	10	28
The Plains at Parish Homestead	-	25	-
Klugo Oneonta, LLC	-	2	-
	<u>2,402</u>	<u>133</u>	<u>2,405</u>

* Project owner has not responded to our request for information

See auditors' report.

<u># of Current FTE Employees</u>	<u># of FTE Jobs Created During Fiscal Year</u>	<u># of FTE Jobs Retained During Fiscal Year</u>
2796	205	1,721
651	-	600
6	1	5
117	1	116
Incl. with AO Fox above	Incl. with AO Fox above	Incl. with AO Fox above
Incl. with AO Fox above	Incl. with AO Fox above	Incl. with AO Fox above
Incl. with TF above	Incl. with TF above	Incl. with TF above
Incl. with MIBH above	Incl. with MIBH above	Incl. with MIBH above
-	-	-
4	4	3
27	7	-
15	-	15
Awaiting Number	Awaiting	Awaiting
32	2	25
54	4	28
43	-	-
<u>1</u>	<u>4</u>	-
<u>21</u>	<u>25</u>	<u>1,913</u>

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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
County of Otsego Industrial Development Agency
242 Main Street
Oneonta, 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 County of Otsego Industrial Development Agency ("COIDA") which comprise the statements of net position as of and for the year ended December 31, 2014, and the related statements of revenues, expenses and changes in net position and statements of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2015.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered COIDA'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 COIDA's internal control. Accordingly, we do not express an opinion on the effectiveness of COIDA'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 COIDA'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 audits 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 COIDA'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 COIDA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering COIDA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of County of Otsego Industrial Development Agency's audit committee, management, State of New York, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mastert, Manzanero & Scott, LLP

Oneonta, New York
March 30, 2015