

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

FINANCIAL STATEMENTS

Years Ended December 31, 2017 and 2016

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  
189 Main Street, Suite 500  
Oneonta, New York

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

We have audited the accompanying financial statements of the County of Otsego Industrial Development Agency ("COIDA"), a component unit of Otsego County, New York, which comprise the statements of net position as of December 31, 2017 and 2016, and the related statements of revenues, expenditures and changes in net position and cash flows for the years then ended and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to 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, 2017 and 2016, and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 4 – 10 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, and historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on Pages 24 – 26 are 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. Such information is the responsibility of management and derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2018 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.

*Mistert, Manzanero & Scott, LLP*

Oneonta, New York  
April 19, 2018

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2017. 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 at 18 Stadium Circle and in the Oneonta Business 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 Oneonta Business Park, professional service fees, staff and leased office space.

Overview of the Financial Statements

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

Financial Statements

COIDA's financial statements provide readers with a comprehensive reporting of COIDA's 2017 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

The operating loss for COIDA was \$(209,326) for fiscal year 2017, compared to \$(534,160) for the fiscal year 2016. This represents an increase in revenues of \$19,984 and a decrease in expenses of \$304,850.

The increase in operating revenues was mostly attributable to:

- Increase in interest income on notes of \$4,100;
- Decrease in rental income of \$7,000;
- Decrease in economic development support of \$91,000; and
- Increase in other income of \$113,000, which mainly consists of recovery of bad debt.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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The decrease in operating expenses was mostly attributable to:

- Increase in grants and program expenses of \$15,300;
- Decrease in office expense of \$5,500;
- Decrease in bad debt of \$65,000;
- Decrease in professional fees of \$113,800;
- Increase in office rent of \$6,000;
- Decrease in travel, seminar and training of \$23,000;
- Decrease in depreciation expenses of \$5,700;
- Decrease in membership dues and subscriptions of \$11,000;
- Decrease in maintenance of WNSC fields of \$30,200; and
- Decrease in payroll and payroll related expenses of \$70,200.

At the close of fiscal year 2017, COIDA had net position of \$5,163,616, a decrease of \$209,220 from the prior year. The term "net position" refers to the difference between assets and liabilities.

COIDA's primary 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 a major asset. For COIDA's loan funds, the financial statements, net of allowance show a net decrease of \$143,413 from \$359,862 at year-end 2016 to \$216,449 at year-end 2017.

COIDA's current major capital assets are the former Wright National Soccer Campus property, the Oneonta Business 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 Otsego County.

### **ACCOMPLISHMENTS**

#### *Activities and Major Projects*

##### **Board and Compliance**

COIDA's Board, Audit and Finance Committee, and Project Committee all continued to meet on a monthly basis to address COIDA's governance and projects, its financials and loan portfolio. Staff prepared and submitted COIDA's Procurement, Investment and Annual Report on time to the ABO, and prepared and submitted its 2018 budget to the ABO in October 2017. Staff continued to meet individually with COIDA loan clients particularly those with delinquent loans and were successful in obtaining payments from clients who had not serviced their loans for several years. COIDA's loan portfolio has become healthier as a result. During 2017, COIDA's board gained members Sarah Poole, Jeff Joyner, Tom Armao, and Patricia Kennedy, and saw the retirement of long-serving members Robert Hanft and James Salisbury.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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**Staff Changes**

During 2017, the Chief Executive Office, the Chief Operating Officer and support staff, for a variety of reasons and career decisions, all left employment of the Agency by mid-2017. The Board of Directors hired Valletta Ritson and Company to do a nationwide search for a new chief executive officer during the summer of 2017; at the end of the search, a new CEO was hired and started in late September 2017. A new administrative director was hired in December 2017.

**Real Property**

COIDA's 40-plus "shovel-ready", developable acres in the Oneonta Business Park continues to be marketed aggressively by staff. At the end of December 2017, TENTRR, a camping manufacturing company, began seriously looking at one of the vacant buildings in the Park. In addition, COIDA's vacant spec building, also in the Oneonta Business Park, which was occupied by Siemens Medical for 20 years, was leased in early 2017 by Hale Transportation. Also, the IDA began negotiations with a local manufacturing firm which has expressed interest in purchase one of the vacant lots in the Business Park and building a new 40,000 square foot manufacturing facility. IOXUS continues to lease from the IDA the building which formerly housed the Soccer Hall of Fame, and the IDA finalized a new five-year use agreement with the Oneonta Soccer Club to provide limitless access to the high-quality soccer fields on the property, for their use for training, tournaments and events. In addition, the IDA began negotiations with the County of Otsego Chamber of Commerce to sub-lease office space at the IDA offices at 189 Main Street in Oneonta.

**Downtown Revitalization Initiative**

COIDA staff continued to work with the City of Oneonta to acquire downtown property for the future site of the Food & Beverage Innovation Center. In addition, the IDA transferred a grant it received for the Market Street Streetscape Improvements to the City of Oneonta which received a similar grant for Main Street. The Downtown Revitalization Initiative plan was completed and forward to New York State during the summer of 2017. COIDA staff will continue to be actively involved in developing the Innovation Center and helping with the revitalization of Market Street.

**Oneonta Rail Yards**

During the summer of 2017, COIDA closed on the purchase of the approximately 80 acres of vacant land at the rail yards. In addition, the Agency hired Delaware Engineering to conduct a full environmental impact assessment of the site along with Elan Planning to update the City of Oneonta's master plan to incorporate the railyard development. It is expected that these studies will continue through 2018. The goal is to create multi-modal shovel-ready sites available to market by 2019.

**Workforce Development**

In 2017, the Workforce Development Center (the "Center") shifted its focus to conduct training programs of its own and is reaching out to the NYS Small Business Development Center, the Otsego County Chamber of Commerce, SUNY Broome, the NYS Department of Labor and the Center for Agriculture, Development and Entrepreneurship (CADE) to provide training in the IDA's facilities and using the IDA computers and other equipment.



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**Grants**

The IDA is administering the following grants:

- \$1,000,000 in capital grants to continue to move the Oneonta Rail Yards project forward;
- \$3,000,000 in funding to construct the Food & Beverage Innovation Center;
- \$500,000 to convert portions of Oneonta's Market Street into a pedestrian-friendly arts and entertainment district; and
- \$250,000 grant from the NYS Dormitory Authority towards a public wifi "hotspot" initiative for the Village of Cooperstown.

**Cooperstown Plan**

In 2017, COIDA and its consultant team, working with the Village of Cooperstown, completed the strategic and revitalization plan for Cooperstown, which identifies development nodes, will help to attract new business and revitalize the Main Street and the greater community. The comprehensive plan also identifies opportunities to bring private investment to Cooperstown and will serve as the backbone of economic development opportunities for the Village. Empire State Development had committed \$58,000 in funding towards this plan, which COIDA expects to receive by spring of 2018.

**Richfield Springs Business Park Development**

COIDA, using ESD planning funds, completed a joint Town/Village comprehensive plan for Richfield Springs during 2017. Part of the plan studied the feasibility, archeological and engineering issues, and possible locations of a business park for future development. Reimbursement of \$150,000 is expected from ESD by the spring of 2018.

**Natural Gas and Electric Supply**

Staff have begun working with various companies and non-for-profit organizations in the County to look at the issues of natural gas and electric supply. It is anticipated that meeting with NYSE&G will commence in early 2018 to explore alternative means to supply increase energy within the County.

**One Stop Business Center**

The IDA began discussion with the Otsego County Chamber of Commerce to move its operations into the IDA offices. This cooperative venture would allow the IDA, the Chamber and the NYS Small Business Development Center to function as a cohesive unit. The IDA has also reached an agreement with the Southern Tier East Regional Planning and Development Board from Binghamton to house a staff planner within the IDA offices beginning in the summer of 2018. Discussion are also underway to house the offices of the Center for Agriculture, Development and Entrepreneurship (CADE) also within the IDA offices thereby enhancing the services provided to businesses of all sectors.

**Comments on Financial Analysis**

Concerning the increases in operating revenues:

- Operating revenues for the IDA remained fairly constant. There was an increase in revenues from the recovery of bad debt, but this revenue cannot be depended upon.
- Similarly, revenues from economic development, while down in 2017, is projected to increase in 2018 – but this also is a fluctuating revenue source.
- Rents, while down in 2017, are expected to increase in 2018 with planned subleasing to the Chamber of Commerce and, possibly, CADE.

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Concerning operating expenses:

- Major decreases in operating expenditures included office expenses, consulting services related to lobbying efforts, grant writing and administration, executive management, travel and conferences. These operating expenditures will continue into future years.
- Consulting services for the railyard development which were authorized in 2017, while they have had little fiscal impact in 2017, will greatly increase operating expenses in 2018.
- Staff salary reductions achieved in 2017 will continue in the coming years.

Economic Factors

2017 continued to be a difficult economic environment, on the global, national and local level. Locally, most businesses are not growing, whether by circumstance or by choice, and the population is stagnant or declining, making growth all the more challenging. Furthermore, with an unemployment rate of 4%, existing businesses in all industries are having a difficult time filling job vacancies in Otsego County. 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 do redevelopment of the Oneonta rail yards and the Market Street area of Oneonta in general. Further, Otsego County hopes to take advantage, in the coming years, of the nanotechnology sectors growing rapidly to our east in Albany and to our west in Utica/Rome.

At the close of 2017, our goals remain in conjunction with Governor Cuomo's Regional Economic Development Councils and the commitment to develop and participate in regional strategic plans, to work to attract private investment and well-paying jobs, and to build a pipeline for targeted economic development initiatives.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a summary of COIDA's financial position at December 31, 2017, 2016 and 2015:

NET POSITION	<u>2017</u>	<u>Higher/ Lower Prior Year</u>	<u>2016</u>	<u>Higher/ Lower Prior Year</u>	<u>2015</u>
Current assets	\$ 1,275,012	\$ (140,348)	\$ 1,415,360	\$ (608,903)	\$ 2,024,263
Non-current assets	<u>4,258,398</u>	<u>60,569</u>	<u>4,197,829</u>	<u>(140,658)</u>	<u>4,338,487</u>
Total assets	<u>5,533,410</u>	<u>(79,779)</u>	<u>5,613,189</u>	<u>(749,561)</u>	<u>6,362,750</u>
Current liabilities	291,306	201,098	90,208	(41,129)	131,337
Deferred inflows of revenue	<u>78,488</u>	<u>(71,657)</u>	<u>150,145</u>	<u>(174,605)</u>	<u>324,750</u>
Total liabilities	<u>369,794</u>	<u>129,441</u>	<u>240,353</u>	<u>(215,734)</u>	<u>456,087</u>
Invested in capital assets, Net of related debt	3,847,405	(84,915)	3,932,320	(87,022)	4,019,342
Unrestricted	<u>1,316,211</u>	<u>(124,305)</u>	<u>1,440,516</u>	<u>(446,805)</u>	<u>1,887,321</u>
Total net position	<u>\$ 5,163,616</u>	<u>\$ (209,220)</u>	<u>\$ 5,372,836</u>	<u>\$ (533,827)</u>	<u>\$ 5,906,663</u>

CHANGES IN NET POSITION

Operating revenues	\$ 440,099	\$ 19,984	\$ 420,115	\$ 28,200	\$ 391,915
Operating expenses	<u>649,425</u>	<u>(304,850)</u>	<u>954,275</u>	<u>187,624</u>	<u>766,651</u>
Operating income (loss)	(209,326)	324,834	(534,160)	(159,424)	(374,736)
Non-operating income (expense)	<u>106</u>	<u>(227)</u>	<u>333</u>	<u>(123,452)</u>	<u>123,785</u>
Change in net position	(209,220)	324,607	(533,827)	(282,876)	(250,951)
Net position – Beginning of year	<u>5,372,836</u>	<u>(533,827)</u>	<u>5,906,663</u>	<u>(250,951)</u>	<u>6,157,614</u>
Net position – End of year	<u>\$ 5,163,616</u>	<u>\$ (209,220)</u>	<u>\$ 5,372,836</u>	<u>\$ (533,827)</u>	<u>\$ 5,906,663</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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2018 MARKETING INITIATIVES

- Continue to build relationships among New York State agencies and individuals, the site-selector community nationally, and key industry groups in order to attract new private investment to Otsego County;
- Develop property fact sheets for direct marketing campaigns and website viewing and downloading;
- Continue to develop a comprehensive inventory of available sites and buildings for lease or purchase;
- Continue to publicize Otsego Now activities and successes through a combination of social media, press releases, relationship-building with local and regional press, website marketing and events;
- Participate in targeted industry and sector events; and
- Host developers' forums where appropriate to increase visibility.

2018 GOALS

- Continue work redeveloping Oneonta rail yards with partners including Norfolk Southern and the City of Oneonta;
- Continue advancing all Oneonta DRI projects, including the Food & Beverage Innovation Center, the Transit Hub, Market Street streetscape improvements, the Westcott Lot building, and all other related initiatives;
- Aggressively market shovel-ready sites at Oneonta Business Park;
- Continue to conduct annual business retention and site visits to existing companies in Otsego County;
- Aggressively market shovel – ready sites at Oneonta Business Park;
- Utilize the completed comprehensive plans for Richfield Springs, Cooperstown, and Oneonta for business attraction and retention;
- Work to move forward significantly WiFi and Broadband development;
- Working with NYSEG and other energy providers, development a plan for increasing both natural gas, compressed and/or liquified gas, electric and solar capacity within the County;
- Conduct annual business retention and site visits to existing companies in Otsego County; and
- 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 Jody Zakrevsky, Chief Operating Officer, County of Otsego Industrial Development Agency, 189 Main Street, Suite 500, Oneonta, New York 13820.

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STATEMENTS OF NET POSITION

December 31, 2017 and 2016

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Current assets:		
Cash and cash equivalents	\$ 432,956	\$ 515,424
Certificate of deposit	353,487	353,487
Accrued interest receivable	1,064	4,559
Grants receivable	408,282	371,674
Accounts receivable	102	29,498
Prepaid expenses	-	6,365
Notes receivable - Current portion (net of allowance for bad debts of \$204,398 for 2017 and \$291,688 for 2016)	79,121	134,353
Total current assets	<u>1,275,012</u>	<u>1,415,360</u>
Capital assets, net	<u>3,847,406</u>	<u>3,932,320</u>
Other assets:		
Other receivable	-	40,000
Due from Oneonta Rail Yards LDC	273,665	-
Notes receivable - Long term (net of allowance for bad debts of \$57,899 for 2017 and \$118,805 for 2016)	137,327	225,509
Total other assets	<u>410,992</u>	<u>265,509</u>
Total assets	<u>5,533,410</u>	<u>5,613,189</u>
 <u>LIABILITIES AND NET POSITION</u>		
Liabilities:		
Accounts payable	15,281	69,298
Accrued expense	4,100	5,875
Line of credit	256,890	-
Security deposits	15,035	15,035
Total liabilities	<u>291,306</u>	<u>90,208</u>
Deferred infows of resources:		
Unearned revenue	<u>78,488</u>	<u>150,145</u>
Net position:		
Investment in unrestricted capital assets, net of debt	3,847,406	3,932,320
Unrestricted net assets	<u>1,316,210</u>	<u>1,440,516</u>
Total net position	<u>\$ 5,163,616</u>	<u>\$ 5,372,836</u>

See accompanying notes.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY  
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STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN NET POSITION

Years ended December 31, 2017 and 2016

	2017	2016
Operating revenues:		
Interest income on loans	\$ 11,966	\$ 7,861
Rental of real property	117,500	125,000
Administrative, PILOT, bond and loan application fees	71,063	70,238
Economic development program support	85,438	176,105
Other	154,132	40,911
Total operating revenues	<u>440,099</u>	<u>420,115</u>
Operating expenses:		
Bad debt expense	-	65,224
Employee benefits	759	2,334
Payroll taxes	7,206	14,778
Accounting fees	30,507	17,735
Legal fees	10,469	23,749
Professional fees - Consulting professional	75,684	50,761
Professional fees - Economic development	111,845	192,790
Professional fees - Other	30,000	87,247
Marketing and promotion	21,453	25,629
Grants and program expenses	55,250	40,000
Salaries and wages	83,119	144,124
Membership dues and subscriptions	3,969	15,046
Office expenses	10,975	16,464
Computer and equipment expenses	6,696	4,620
Telephone	2,638	4,703
Office rent	44,000	38,000
Travel, seminars and training	23,935	46,909
Rental expenses	10,956	10,809
Insurance	19,740	15,089
Utilities	3,801	4,340
Repairs and maintenance - Industrial park	4,990	5,440
Maintenance contract - WNSC fields	5,000	35,200
Depreciation expense	84,914	90,580
Other expenses	1,519	2,704
Total operating expenses	<u>649,425</u>	<u>954,275</u>

See accompanying notes.

	<u>2017</u>	<u>2016</u>
Operating loss	<u>(209,326)</u>	<u>(534,160)</u>
Non-operating revenues (expenses):		
Other interest income	106	333
Grant income	74,160	494,324
Grants expended	<u>(74,160)</u>	<u>(494,324)</u>
Total non-operating revenues (expenses)	<u>106</u>	<u>333</u>
Net loss	(209,220)	(533,827)
Net position - Beginning of year	<u>5,372,836</u>	<u>5,906,663</u>
NET POSITION - END OF YEAR	<u><u>\$ 5,163,616</u></u>	<u><u>\$ 5,372,836</u></u>

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY  
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STATEMENTS OF CASH FLOWS

Years ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Receipts from interest notes receivable	\$ 15,461	\$ 19,249
Receipts from rents	117,500	100,000
Receipts from fees	71,063	69,738
Receipts from economic program support	15,281	-
Receipts from other sources	182,028	40,911
Payments to employees	(92,100)	(160,469)
Payments to suppliers and services	(473,705)	(632,664)
NET CASH USED IN OPERATING ACTIVITIES	<u>(164,472)</u>	<u>(563,235)</u>
Cash flows from noncapital financing activities:		
Net grants expended	(159,997)	(155,041)
Net line of credit activity	256,890	-
Principal payments on notes receivable	258,670	158,506
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>355,563</u>	<u>3,465</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	-	(3,558)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(3,558)</u>
Cash flows from investing activities:		
Net certificate of deposit redeemed	-	306,986
Increase in due to/due from	(273,665)	345
Interest and earnings	106	2,100
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(273,559)</u>	<u>309,431</u>
NET DECREASE IN CASH	(82,468)	(253,897)
Cash - Beginning of year	<u>515,424</u>	<u>769,321</u>
Cash - End of year	<u>\$ 432,956</u>	<u>\$ 515,424</u>

See accompanying notes.



	<u>2017</u>	<u>2016</u>
Reconciliation of net operating loss to net cash provided by (used in) operation activities:		
Net loss	\$ (209,326)	\$ (534,160)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	84,914	90,580
Bad debts	-	65,224
(Increase) decrease in prepaid expenses	6,365	(1,666)
(Increase) decrease in other receivables	29,396	(27,000)
Increase (decrease) in accounts payable and commitments	(7,659)	7,004
Increase in accrued interest	3,495	11,388
Decrease in unearned revenue	<u>(71,657)</u>	<u>(174,605)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>\$ (164,472)</u>	<u>\$ (563,235)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

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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 No. 14 and as amended by GASB Statement No. 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 Entities

In 2009, the County of Otsego formed the Otsego County Capital Resource Corporation (OCCRC) to facilitate the issuance of civic facility revenue bonds. In 2017, the County of Otsego formed the Oneonta Rail Yards Local Development Corporation (ORYLDC) to induce investment and industry in Otsego County. Both entities considered related entities because they have similar board members and staff. However, they do 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 of America (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  
(A Component Unit of Otsego County, New York)

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

---

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 purposes 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.

Capital Assets

COIDA uses the accounting policy of capitalizing all capital 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.

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.

Revenues and Expenses Classifications

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.

Unearned Revenues

Unearned revenues arise when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are available by COIDA before it has legal claim to them, as when grant monies are received prior to incurring qualifying expenses. In subsequent periods, when both recognition criteria are met, or when COIDA has legal claim to resources, the liability for unearned revenue is removed and revenues are recognized.

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

---

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

Prepaid Expenses

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

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.”

Statement of Cash Flows

For the purposes of the statements of cash flows, COIDA considers cash to be all unrestricted and restricted cash accounts including demand accounts and certificate of deposit with an original maturity of generally three months or less.

Accounting Pronouncements

During the fiscal year ended December 31, 2017, COIDA adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 80, *Blending Requirements for Certain Component Units* – an amendment of GASB Statement No. 14.

The primary objective of Statement No. 80 is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

COIDA has evaluated Statement No. 80 and has determined that it will have no impact on COIDA's operations.

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

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

GASB has issued the following new pronouncements:

- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which will be effective for the year ending December 31, 2018;
- Statement No. 82, *Pension Issues* – an amendment of GASB Statements Nos. 67, 68 and 73, which will be effective for the year ending December 31, 2018;
- Statement No. 83, *Certain Asset Retirement Obligations*, which will be effective for the year ending December 31, 2019;
- Statement No. 86, *Certain Debt Extinguishment Issues*, which will be effective for the year ending December 31, 2019; and
- Statement No. 87, *Leases*, which will be effective for the year ending December 31, 2021.

COIDA is currently reviewing these statements and plans on adoption, as required.

Events Occurring After Reporting Date

COIDA has evaluated subsequent events through April 19, 2018, which is the date the financial statements were available to be issued.

NOTE 3    CERTIFICATES OF DEPOSIT

At December 31, 2017 and 2016, there was one certificate of deposit totaling \$353,487 with interest rates of .44% maturing on June 30, 2018 and .10%, that matured June 30, 2017, respectively.

NOTE 4    BUSINESS PARKS

COIDA is owner of the Oneonta Business Park (approximately 70 acres) located in the Town and City of Oneonta. COIDA owns one 19,000 square foot building that was first available for lease in 2016. Improvements in the amount of \$870,314 have been made to this property. All the other buildings located in the park are privately owned. During 2017 and 2016, there were no vacant privately owned buildings in the Oneonta Business Park.

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

NOTE 5 CAPITAL ASSETS

Capital assets are comprised of the following at December 31:

<u>2017</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Buildings	\$ 2,162,093	\$ 501,646	\$ 1,660,447
Improvements	210,769	197,800	12,969
Office equipment	<u>149,804</u>	<u>65,007</u>	<u>84,797</u>
Total depreciable capital assets	2,522,666	764,453	1,758,213
Land	1,153,590	-	1,153,590
Land improvements	<u>935,603</u>	<u>-</u>	<u>935,603</u>
Capital assets, net	<u>\$ 4,611,859</u>	<u>\$ 764,453</u>	<u>\$ 3,847,406</u>
<u>2016</u>			
Buildings	\$ 2,162,093	\$ 447,335	\$ 1,714,758
Improvements	210,769	193,415	17,354
Office equipment	<u>149,804</u>	<u>38,789</u>	<u>111,015</u>
Total depreciable capital assets	2,522,666	679,539	1,843,127
Land	1,153,590	-	1,153,590
Land improvements	<u>935,603</u>	<u>-</u>	<u>935,603</u>
Capital assets, net	<u>\$ 4,611,859</u>	<u>\$ 679,539</u>	<u>\$ 3,932,320</u>

Depreciation expense amounted to \$84,914 and \$90,580 for the years ended December 31, 2017 and 2016, respectively.

NOTE 6 WRIGHT NATIONAL SOCCER CAMPUS (CAMPUS)

COIDA acquired the Campus property in 2014 and has the following recorded on the books:

Land – Ioxus, Inc. – 14.07 acres	\$ 239,190
Building – Ioxus, Inc.	<u>1,560,810</u>
Total	<u>1,800,000</u>
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>

The lease agreement for this property that expired March 31, 2018 required monthly payments of \$5,000 from April 1, 2017 – March 31, 2018. As of the date of the financial statements, there has not been a renewal of this lease.

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

NOTE 6 WRIGHT NATIONAL SOCCER CAMPUS (CAMPUS) (Cont'd.)

Under the previous lease agreement the rental payments were:

April 1, 2016 – September 1, 2016 – monthly installments of \$7,500

October 1, 2016 – March 1, 2017 – monthly installments of \$12,500

Rental income from this property was \$82,500 and \$125,000 for the years ended December 31, 2017 and 2016, respectively.

COIDA approved a five year use agreement with Oneonta Youth Soccer Association (OYSA) for the use of the soccer fields through December 31, 2020. COIDA paid \$5,000 and \$25,000 during the years ended December 31, 2017 and 2016, respectively for field maintenance. In addition to this agreement, during the year ended December 31, 2016 COIDA paid an additional \$10,200 for paving and irrigation for the soccer fields.

Future plans for this property are undecided. COIDA is looking for opportunities to make this property more of a year-round venue.

NOTE 7 NOTES RECEIVABLE

Notes receivable consisted of the following at December 31:

<u>Borrower</u>	<u>Interest Rate</u>	<u>Monthly Payment</u>	<u>Maturity</u>	<u>12/31/17 Principal</u>	<u>12/31/16 Principal</u>
Jones Marine	4.0%	\$ 973	01-2020	\$ 23,313	\$ -
David Rees	7.0%	1,638	07-2018	-	82,939
Butternuts Beer & Ale #2	4.0%	994	11-2016	-	43,269
H.W. Naylor	4.0%	1,519	09-2017	1,512	13,443
Enviro Energy	4.0%	740	08-2023	48,662	48,662
Cleinman, LLC	4.0%	1,025	12-2018	10,918	22,380
JSJJ Enterprises, LLC	4.0%	1,519	02-2019	55,314	74,772
Mold-A-Matic	4.0%	1,369	10-2016	-	2,756
Brewery Ommegang	4.0%	2,734	01-2017	-	2,645
Ioxus, Inc.	2.5%	1,299	12-2016	-	11,568
Oneonta Theater	4.0%	1,012	08-2020	85,979	85,979
Larry's Custom Meats	4.0%	1,012	08-2020	-	95,198
Brook's Bottling Company	2.0%	1,939	07-2022	100,059	122,833
Foothills PAC	0.0%	1,667	06-2019	100,000	100,000
Cooperstown Distillery, LLC	4.0%	683	09-2020	21,928	29,096
Cooperstown Distillery, LLC	2.0%	368	08-2025	31,060	34,815
Subtotal				478,745	770,355
Less: Allowance for bad debts				(262,297)	(410,493)
Total				216,448	359,862
Less: Current portion				(79,121)	(134,353)
Total long-term portion, net				<u>\$ 137,327</u>	<u>\$ 225,509</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

---

NOTE 7    NOTES RECEIVABLE (Cont'd.)

Accrued interest consisted of interest due on notes that are in arrears and are deemed collectible and no allowance has been established.

NOTE 8    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, 2017. The line of credit is secured by the borrowers' certificate of deposit with Community Bank, N.A. The outstanding balance at December 31, 2017 and 2016 was \$256,890 and \$-0-, respectively. This line of credit was used to finance the purchase of land for the Oneonta Rail Yards Local Development Corporation (ORYLDC ) during 2017 (See Note 14).

NOTE 9    OTHER RECEIVABLE

In 2012 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 ended December 31, 2017.

If 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 2017 and 2016. The receivable was reduced by \$40,000 in 2017 and 2016 as the organization met the job creation requirements in both years. The balance of this receivable was \$-0- and \$40,000 as of December 31, 2017 and 2016, respectively.



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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

NOTE 10 LEASES

Lessor

COIDA was a lessor in a 36 month operating lease agreement for the industrial incubator building through May 2020. The monthly rent is \$5,000. COIDA received rental income under this lease in the amount of \$35,000 for the year ended December 31, 2017. This lease agreement also includes an option to purchase the building for \$750,000 at any time during lease term. This was not exercised as of the date of these financial statements. Future minimum lease payments to be received for the following years ending December 31, are as follows:

2018	\$ 60,000
2019	60,000
2020	<u>25,000</u>
	<u>\$ 145,000</u>

See Note 6 for lease agreement for Ioxus building that is located on the NSHOF property.

Lessee

COIDA entered into a lease agreement for office space. The original term of the lease was April 1, 2014 through December 31, 2016. The lease was renewed for an additional two years expiring December 31, 2018. Monthly payments were \$3,667 in 2017. Total rent for 2017 and 2016 per the agreement was \$44,000 and \$38,000, respectively.

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 revenue bond financing since Section 854 of the NYS General Municipal Law expired. OCCRC will now facilitate for issuance of civic facility revenue bonds for eligible organizations throughout Otsego 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.

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

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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 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.

COIDA had no uncollateralized cash as of December 31, 2017 and 2016.

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.

NOTE 14 RELATED PARTY TRANSACTIONS

COIDA has related party relationships with OCCRC and ORYLDC, with the same personnel manager at all three entities.

COIDA received \$400,000 in December 2015 from OCCRC to provide funding for two separate projects of \$200,000 each. The unspent portion has been deferred until COIDA has incurred additional expenses for these projects (See Note 15).

During 2017, ORYLDC utilized COIDA's line of credit to purchase 79.41 acres of vacant commercial land to induce investment and industry as well as to increase employment opportunities in Otsego County. As of December 31, 2017, ORYLDC owed COIDA \$273,665. Repayment of this line of credit is planned when approved grant funding is received from NYS Empire State Development for the Oneonta Rail Yards project.

A board member is CEO of the organization that received financial assistance from COIDA in the past (See Note 9).

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2017

NOTE 15 UNEARNED REVENUE

In December 2015, COIDA received \$400,000 from OCCRC to provide \$200,000 for the Richfield Springs Project and \$200,000 for the Revitalization Plan for the Village of Cooperstown. For the years ended December 31, 2017 and 2016, \$321,512 and \$176,105 of these funds had been expended. The balance of \$78,488 will be recognized in the year that qualifying expenses are incurred. The December 31, 2016 total also included \$1,500 for an administrative fee received for 2017.

NOTE 16 RETIREMENT PLAN

COIDA adopted a Simple IRA salary reduction plan that covers all employees who earn at least \$5,000 during both the current year and prior year. Employees are allowed to make contributions to this plan. COIDA has elected to match employee elective deferrals dollar for dollar up to 3% of wages. Contributions by COIDA were \$759 and \$2,334 for the years ended December 31, 2017 and 2016, respectively.

NOTE 17 DEFERRED COMPENSATION PLAN

COIDA has a deferred compensation plan available for employees created under Internal Revenue Code Section 457(b). This plan is administered and accounted for by New York State. Employees may withdraw the current value of their contributions when they terminate employment. This plan allows employees to defer a portion of their salary until future years. Participation is optional and participants elect how their salary deferrals are invested.

NOTE 18 OTHER INCOME

The detail for other income is as follows as of December 31:

	<u>2017</u>	<u>2016</u>
Expense reimbursement and refunds	\$ 5,936	\$ 4,495
Bad debt recoveries	<u>148,196</u>	<u>36,416</u>
Total other income	<u>\$ 154,132</u>	<u>\$ 40,911</u>

\* \* \* \* \*

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

For the year ended December 31, 2017

<u>Purchaser</u>	<u>Issuee</u>	<u>Issue Date</u>	<u>Issue Amount</u>	<u>Rate</u>	<u>Balance</u>	<u>Due Date</u>
Wells Fargo	St. James Retirement Community Oneonta, New York 13820	09/03/1998	\$ 4,080,000	Variable	\$ 685,000	08/01/2023
Bond Purpose:	Construction					

See auditors' report.

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COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF OUTSTANDING SALE AND LEASE AGREEMENTS

Year ended December 31, 2017

Project Owner Project Owner Address	Purpose	Issue Date	Due Date	Sales Tax Exemptions	
				State	Local
Elizabeth Hotels, Inc. Market Street Oneonta, NY 13820	Acquisition and construction of building	3/1/2000	2/5/2021	\$ -	\$ -
Treffeisen Properties I, LLC Roundhouse Road Oneonta, NY 13820	Acquisition and construction of building	12/21/2000	1/31/2016	-	-
R.J. Millworkers, Inc. Lewis Street Oneonta, NY 13820	Acquisition and renovation of building	10/23/2001	10/23/2016	-	-
Lutz Feed Company, Inc Lower River Street Oneonta, NY 13820	Acquisition and construction of building	5/17/2004	5/17/2019	-	-
Brewery Ommegang County Hwy 33 Cooperstown, NY 13326	Acquisition and construction of warehouse building(only)	2/25/2011	1/25/2026	-	-
The Plains LLC St Hwy 7 Oneonta, NY 13820	Acquisition and Construction of Building	2/25/2011	1/25/2021	-	-
Klugo Oneonta 11849 East Corning Road Corning, NY 14830	Acquisition, Demo and Renovation of Building	2/1/2013	12/31/2028	-	-
Hillside Commons Oneonta 300 Plaza Drive Vestal, NY 13851	Construction of Student Housing	10/1/2014	10/1/2030	-	-
Focus Ventures 84 Route 59, Suite 102 Suffern, NY 10901	Acquisition and renovation of nursing home	9/1/2014	12/31/2040	-	-
Northern Eagle, LLC 7 Railroad Avenue Oneonta, NY 13820	Construction of warehouse and office building	12/18/2015	12/31/2026	-	-
				<u>\$ -</u>	<u>\$ -</u>

See auditors' report.

Tax Exemptions							
Real Property Tax			Total	Payment in Lieu of Taxes			
County	Local	School	Exemptions	County	Local	School	Total
\$ 15,479	\$ 47,835	\$ 88,328	\$ 151,642	\$ 10,936	\$ 33,796	\$ 62,406	\$ 107,138
				Pilot Expired			
-	-	-	-	-	-	-	-
				Pilot Expired			
-	-	-	-	-	-	-	-
2,092	1,756	14,396	18,244	-	731	6,612	7,343
12,763	11,364	68,937	93,064	8,700	9,235	53,556	71,491
39,966	33,564	275,036	348,566	30,458	48,729	207,636	286,823
2,305	7,124	13,155	22,584	988	3,053	5,637	9,678
59,283	183,196	338,275	580,754	10,773	31,340	55,825	97,938
47,174	5,188	203,627	255,989	12,433	1,381	55,261	69,075
6,020	5,055	41,429	52,504	7,848	6,591	33,905	48,344
<u>\$ 185,082</u>	<u>\$ 295,082</u>	<u>\$ 1,043,183</u>	<u>\$ 1,523,347</u>	<u>\$ 82,136</u>	<u>\$ 134,856</u>	<u>\$ 480,838</u>	<u>\$ 697,830</u>

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

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

Year ended December 31, 2017

	<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>
Issuee:			
St. James Retirement Community 1998	-	10	-
Project Owner:			
Focus Ventures	132	25	132
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 LLC	-	25	-
Northern Eagle	35	4	39
Klugo Oneonta, LLC	<u>-</u>	<u>2</u>	<u>-</u>
	<u>248</u>	<u>126</u>	<u>255</u>

\* Construction jobs created

See auditors' report.



# of Current FTE Employees	# of FTE Jobs Created During Fiscal Year	# of FTE Jobs Retained During Fiscal Year
6	-	-
146	0	132
7	3	3
10	(3)	-
16	-	16
22	-	9
34	0	25
45	(5)	28
38	(1)	-
46	* 7	39
<u>2</u>	<u>1</u>	<u>-</u>
<u><u>372</u></u>	<u><u>2</u></u>	<u><u>252</u></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  
189 Main Street, Suite 500  
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 and the related statements of revenues, expenditures and changes in net position and cash flows as of and for the year then ended December 31, 2017, and the related notes to the financial statements, and have issued our report thereon dated April 19, 2018.

**Internal Control over Financial Reporting**

In planning and performing our audit 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of current year finding and response that we consider to be a significant deficiency.

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*.

## **Response to Finding**

COIDA's response to the finding identified in our audit is described in the accompanying schedule of current year finding and response. COIDA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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.

*Mistert, Manzanero & Scott, LLP*

Oneonta, New York  
April 19, 2018

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

SCHEDULE OF CURRENT YEAR FINDING AND RESPONSE

Year ended December 31, 2017

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2017 – 1

Grant Receivables and Reporting

Condition: Documentation/requests for payment for four separate grant awards totaling \$360,782 were not timely submitted to receive payment from Empire State Development (ESD). One of these projects was completed in 2016 and the payment request was sent, but the payment was never received because of insufficient documentation had been submitted. One of the other three projects was completed in 2016 and the other two were completed by early April of 2017 but the grant requests were not submitted until 2018, well after the deadline for filing a request for payment.

Criteria: To ensure a timely receipt of grant awards, proper documentation and grant requests need to be filed by required deadlines.

Effect: Lack of controls over grant reporting can lead to grant awards being delayed and possibly denied.

Recommendations: We recommend that COIDA implement procedures for grant reporting to ensure that all requests for grant monies are filed timely with the appropriate documentation so that grant funds are received in a timely manner.

Continuous monitoring of grant activity should continue even with changes in staff.

Monthly board review of grant activity status to ensure timely grant reporting and receipt of grant monies.

Management  
Response:

During 2017, COIDA had seen all its executive and support staff leave the Agency. While the Board of Directors did procure the services of several consulting firms, which were to oversee, among other things, management of existing grants, none of these firms took on the responsibility of seeking reimbursement of grant funds expended.

COIDA hired a new CEO for the Agency in late September 2017. This individual has extensive experience in grant administration and grant reimbursement. The new CEO has met with granting agencies on several occasions in the fall of 2017 and has become familiar with all of the existing grant awards to the Agency; he has been diligently working on revising grant disbursement agreements, including extension of grant deadlines for filing for reimbursement, reviewing consultant contracts and work performed, and has begun seeking reimbursements for grants ready to be closed out.

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

SCHEDULE OF PRIOR YEAR FINDING AND RESPONSE

Year ended December 31, 2016

2016 – 1	<u>Accounting for Revenue, Expenses, Receivable and Payable</u>
Condition:	Adjusting journal entries had to be made for unrecorded accounts receivable and payable for the current year.
Criteria:	To ensure proper reporting of revenue and expenses, activity needs to be recorded in a timely manner.
Effect:	Lack of controls over accounts receivable and payable reporting can lead to inaccurate reporting of income, expense, assets and liabilities in the financial statements.
Recommendation:	<p>We recommend that COIDA review its current procedures for recording accounts receivable and payable and revise and implement procedures to ensure accurate financial reporting.</p> <ul style="list-style-type: none"><li>• Grants receivable should be recorded for any reimbursement grant for which COIDA has incurred grant expenses, but has not yet received reimbursement;</li><li>• Accounts receivable should be recorded for any rental income due but not collected at year end;</li><li>• Accounts payable should be recorded for any expenses incurred, but not paid by year end.</li></ul>
Management Response:	<p>Concerning expected grant revenue, COIDA staff and Jim Lozano, of CFO for Hire, have made monthly journal entries to account for grant-related expenditures for several ongoing grants. The auditors' finding concerns an oversight: an end-of-year journal entry that would identify funds expended for two ongoing grants for which reimbursement has not yet been sought. To remedy this problem, staff will, going forward, use a month-end checklist for all open grants to ensure that any spending is posted monthly as a corresponding receivable. In the meantime, staff will continue to inform all Audit Committee and Board members of grant-related expenditures (which are identified in the monthly Bills to be Paid report, reviewed monthly by the full Board, as well as in the grant-tracking spreadsheet reviewed monthly by Audit Committee) and timelines for grant reimbursement requests made to New York State.</p> <p>Concerning accounts receivable for rental income not received, while it is our policy to post monthly rent receivable, towards the end of the fiscal year, our tenant incurred certain financial difficulties that they informed COIDA staff of; we made a one-time decision not to post a receivable due to a sense that payment would not be forthcoming. Going forward, we will post all rent due as a receivable with our month-end closing process, and if there is a concern regarding payment, we will book a corresponding "loss reserve" in order to more fairly represent the financial statements to management.</p>

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

SCHEDULE OF PRIOR YEAR FINDING AND RESPONSE

Year ended December 31, 2016

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2016 – 1

Accounting for Revenue, Expenses, Receivable and Payable (Cont'd.)

Management  
Response:

Concerning accounts payable, COIDA staff make every effort to book all identified accounts payable as of fiscal year end, and indeed, for fiscal year 2016, did book thousands of dollars' worth of accounts payable that were received after 12/31/16 but were incurred in 2016. Any dollar amounts missed were simply an oversight. Members of the Audit Committee, and the Board of Directors, review all payables on a monthly basis and review detailed reports monthly concerning existing payables. Extra diligence will be exercised in fiscal year 2017 to ensure that all possible payables are accounted for in year-end journal entries.