

COUNTY OF DELAWARE  
INDUSTRIAL DEVELOPMENT AGENCY

AUDITED FINANCIAL STATEMENTS

Years ended December 31, 2013 and 2012

COUNTY OF DELAWARE  
INDUSTRIAL DEVELOPMENT AGENCY

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## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying statements of net position of County of Delaware Industrial Development Agency (the "IDA") (a component unit of Delaware County, New York) as of December 31, 2013 and 2012, and the related statements of revenues, expenses and changes in net position, 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 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 the IDA'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 the IDA'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 the IDA as of December 31, 2013 and 2012, 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 & Analysis on Page 3 – 5 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 audit was conducted for the purpose of forming an opinion on the IDA's financial statements as a whole. The supplemental information on Pages 17 – 19 in the other financial information section is presented for purposes of auditing 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 was derived from and related 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 April 9, 2014 on our consideration of the IDA'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 the IDA's internal control over financial report and compliance.

*Mistert, Manzanero & Scott, LLP*

Oneonta, New York  
April 9, 2014

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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As financial management of the County of Delaware Industrial Development Agency (the "IDA") (a component unit of Delaware County, New York), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the IDA for the fiscal year ended December 31, 2013. 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. We encourage readers to consider the information presented here in conjunction with the financial statements taken as a whole.

Budget

The IDA depends on grants, with a minimal amount of operating income, to extend its programs. The IDA files for various grants and loans to provide economic development assistance in Delaware County, notably the United States Department of Housing and Urban Development, the United States Department of Agriculture, and NYS Office of Community Renewal. However, the funding of these grants is not assured at the beginning of the year. Because the IDA does not know how much funding will be received during any year, how many loan applications will be approved, and what programs can be made available, the IDA cannot project the amount that it can use for its programs to project an accurate budget. The IDA strictly adheres to financial procedures and requirements of New York State General Municipal Law, Article 18A, and its own bylaws, as audited by our accountants at Mostert, Manzanero & Scott, LLP.

Overview of the Financial Statements

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

Financial Statements

The IDA's financial statements, provides readers with a comprehensive reporting of the IDA's 2013 transactions and balances. The difference between the assets and liabilities are reported as the net position. Increases or decreases in the 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 the IDA was (\$56,432) for fiscal year 2012. This was a decrease of (1.188%) over the prior year. Net income produced a decrease in net position of (\$55,571). At the close of fiscal year 2012, the IDA had a net position of \$3,130,893, a decrease of (1.74%) over the prior year.

The operating income for the IDA was \$548,549 for fiscal year 2013. This was an increase of 1073% over the prior year. Net income produced an increase in net position of \$549,275. At the close of the fiscal year 2013, the IDA had a net position of \$3,680,168.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The IDA's prime objective is to provide assistance to existing businesses and expansions and business startups with professional assistance, educational programs and loans. The loan funds are comprised of grants dedicated to this purpose and matching funds from the IDA's accumulated working capital. The revolving loan fund in each entity's statement of net position is the major asset. For the IDA's loan funds, the financial statement shows a decrease from \$1,223,981 at year-end 2012 to \$982,467 at year-end 2013, a net decrease of \$241,514.

The IDA's current major capital assets consist of the following:

The remaining 3 acre parcel, with sewer and water improvements, of an original 15-acre tract, in its industrial park in Walton, New York for planned industrial locations. In 2010, the IDA purchased the former AJS Facility and is leasing the facility to two companies. The IDA made improvements of \$169,997 to this property in 2013. These projects are concurrent with the IDA's objectives of encouraging economic development in the county.

The IDA began development of a new E-Center in Margaretville, New York. Total capital outlays for the building purchase and improvements were \$261,620. The IDA received a grant for \$250,000 from the NYS Dormitory Authority in 2011 as reimbursement toward the cost of this project. This building was transferred to a non-profit organization in 2012.

During 2012, the IDA purchased three properties for the Amphenol project for a total of \$1,076,945. The IDA will receive grant money to offset a portion of the cost of this project.

The following is a 2013-2012 comparative summary of the IDA's financial statements, showing the increase in net assets:

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY'S  
NET POSITION

	<u>2013</u>	<u>2012</u>
Current assets	\$ 2,091,091	\$ 1,594,722
Non-current assets	<u>2,651,571</u>	<u>2,482,723</u>
Total assets	<u>\$ 4,742,662</u>	<u>\$ 4,077,445</u>
Current liabilities	\$ 1,044,494	\$ 928,552
Non-current liabilities	<u>18,000</u>	<u>18,000</u>
Total liabilities	<u>1,062,494</u>	<u>946,552</u>
Total net position	<u>\$ 3,680,168</u>	<u>\$ 3,130,893</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY'S  
CHANGES IN NET POSITION

	<u>2013</u>	<u>2012</u>
Operating revenues	\$ 798,498	\$ 391,139
Operating expenses	<u>(249,949)</u>	<u>(447,571)</u>
Operating income (loss)	548,549	(56,432)
Non-operating income:		
Investment income	<u>726</u>	<u>861</u>
Change in net position	549,275	(55,571)
Net position - Beginning of year	<u>3,130,893</u>	<u>3,186,464</u>
Net position - End of year	<u>\$ 3,680,168</u>	<u>\$ 3,130,893</u>

Economic Factors

The management of the IDA is not aware of any changes in economic factors or conditions since December 31, 2013 that will have any significant effect on the IDA into the future.

Requests for Information

Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Glenn Nealis, Executive Director, County of Delaware Industrial Development Agency, 1 Courthouse Square, Suite 4, Delhi, New York 13753.

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

STATEMENTS OF NET POSITION

December 31, 2013 and 2012

<u>ASSETS</u>	<u>2013</u>	<u>2012</u>
Current assets:		
Cash and cash equivalents	\$ 1,619,731	\$ 884,343
Restricted cash	53,866	147,310
Accounts receivable	212,655	110,269
Prepaid insurance	1,691	1,283
Due from Local Development Corporation (LDC)	7,677	-
Current portion of loans receivable	195,471	451,517
Total current assets	<u>2,091,091</u>	<u>1,594,722</u>
Capital assets, net	1,864,575	1,710,259
Long-term portion of loans receivable, net of allowance for bad debts of \$93,100 for 2013 and 2012	<u>786,996</u>	<u>772,464</u>
Total assets	<u>4,742,662</u>	<u>4,077,445</u>
<u>LIABILITIES AND NET POSITION</u>		
Current liabilities:		
Accounts payable	200,626	108,960
Due to LDC	-	2,323
Line of credit	843,868	817,269
Total current liabilities	<u>1,044,494</u>	<u>928,552</u>
Long-term liabilities:		
Due to Federal Housing Administration (FHA)	<u>18,000</u>	<u>18,000</u>
Total liabilities	<u>1,062,494</u>	<u>946,552</u>
Net position:		
Investment in capital assets - Net of debt	802,081	766,030
Restricted for loans	982,467	1,223,981
Unrestricted	1,895,620	1,140,882
Total net position	<u>\$ 3,680,168</u>	<u>\$ 3,130,893</u>

See accompanying notes.



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

STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION

Years Ended December 31, 2013 and 2012

	2013	2012
Operating revenues:		
County of Delaware	\$ 221,750	\$ 216,750
Interest income and late fees	34,016	50,699
Contributions	108,600	108,000
Miscellaneous	616	2,243
Pilot fees	404,780	-
Loss from sale of land	-	(8,203)
Rental income	28,736	21,650
Total operating revenues	798,498	391,139
Operating expenses:		
Pilot Program	16,000	26,000
Depreciation	15,682	15,150
Insurance	6,522	3,607
Interest expense and bank charges	26,599	11,353
Grants and sponsorships	30,000	23,336
Miscellaneous	5,526	4,725
Professional fees	17,095	8,004
Promotional/marketing	11,287	930
Bad debt	38,783	72,496
Debt forgiveness	5,000	-
Rental expense	1,200	-
FHA repayments	-	18,000
Transfer to LDC	15,000	-
Project expenses	61,255	-
E-Center program expenses	-	2,350
Donation of property- E center	-	261,620
Total operating expenses	249,949	447,571
Operating income (loss)	548,549	(56,432)
Non-operating revenue and expenses:		
Investment interest	726	861
Net income (loss)	549,275	(55,571)
Net position - Beginning of year	3,130,893	3,186,464
NET POSITION - END OF YEAR	\$ 3,680,168	\$ 3,130,893

See accompanying notes.

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

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Cash received from grants and donations	\$ 330,350	\$ 324,750
Cash received from services provided	442,200	18,150
Payments received on loans	425,418	222,876
Other revenue received	616	2,243
Other operating payments	(183,024)	(42,392)
Issuance of loans	(190,944)	(225,500)
Grants issued	(30,000)	(14,675)
NET CASH PROVIDED BY OPERATING ACTIVITIES	794,616	285,452
Cash flows from non-capital financing activities:		
Transfers to/from LDC	(10,000)	3,023
NET CASH PROVIDED BY (USED IN) NON-CAPITAL FINANCING ACTIVITIES	(10,000)	3,023
Cash flows from capital and related financing activities:		
Line of credit	26,599	817,269
Proceeds sale of land	-	49,993
Land costs	-	(1,934)
Improvements	(169,997)	-
Amphenol project	-	(1,058,895)
NET CASH USED IN CAPITAL ACTIVITIES	(143,398)	(193,567)
Cash flows from investing activities:		
Investment income	726	861
NET CASH PROVIDED BY INVESTING ACTIVITIES	726	861
Increase in cash and cash equivalents	641,944	95,769
Cash - Beginning of year	1,031,653	935,884
Cash - End of year	\$ 1,673,597	\$ 1,031,653

See accompanying notes.

	<u>2013</u>	<u>2012</u>
Reconciliation of operating income to net cash provided by operating activities:		
Net operating income	\$ 548,549	\$ (56,432)
Non cash donation-E center	-	261,620
Depreciation	15,682	15,150
Loss from sale of land	-	8,203
Bad debt allowance	-	66,300
Changes in assets and liabilities:		
Increase in accounts receivable	(102,386)	(72,508)
Increase (decrease) in prepaid expense	(408)	969
Decrease (increase) in loans receivable	241,513	(54,191)
Increase in accounts payable and other payables	91,666	116,341
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 794,616</u>	<u>\$ 285,452</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2013

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NOTE 1 ORGANIZATION

Primary Government

The County of Delaware Industrial Development Agency (the “IDA”), in Delhi, New York, is a public benefit corporation established June 17, 1971, under the mandate of Article 18-A, “New York State Industrial Development Agency Act”, of New York State general municipal law.

The IDA was established to improve the quality of life in Delaware County by assisting businesses and industry for the purpose of retaining and expanding existing job opportunities, attracting new jobs, and stimulating the investment of capital in the county.

The IDA is a component unit of Delaware County, New York based on the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14 and as amended by GASB No. 39. The criteria includes financial dependency (Delaware County reimburses substantially all of the IDA’s operating expenditures), financial accountability (the IDA must submit all financial reports to Delaware County) and oversight responsibility (certain of Delaware County’s Board of Supervisors are members of the IDA’s Board of Directors).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The IDA follows enterprise fund reporting. Enterprise funds are used to account for business like activities. These activities are financed primarily by user charges and the measurement of financial activity focuses on as net income measurement similar to the private sector.

Measurement Focus and Basis of Accounting – The IDA’s financial statements are reported using the economic resource measurement focus and the accrual method of accounting. Under this method, revenue is recognized when earned and expenses are recognized when incurred, fixed assets and land are recorded at cost. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The following is a summary of the significant accounting policies followed in the preparation of the IDA’s financial statements. The accounting policies of the IDA conform to generally accepted accounting principles (GAAP) in the United States of America. The IDA reports are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Cash and Cash Equivalents – For the purposes of presenting the statements of cash flows, the IDA considers all demand deposits, time and savings accounts and certificates of deposit with an original maturity of three months or less to be cash equivalents. Certificates of deposits are stated at cost plus accrued interest receivable. Such basis approximates market.

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2013

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

Accounts Receivable – Accounts receivable are shown net of the allowance for uncollectible accounts in accordance with generally accepted accounting principles. Receivables for loans and mortgages are reviewed periodically by management to update the provisions for uncollectible amounts. These provisions are estimated based on an analysis of the aging of the receivable and any other factors known by management.

Allowance for Uncollectible Amounts – Notes receivable are recorded at their full value. Uncollectible accounts are charged to expenditures using the reserve method. The allowance for uncollectible accounts was \$93,100 for the IDA, as of December 31, 2013 and 2012.

Use of Estimates – The preparation of financial statements in conformity with 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 reported period. Actual results could differ from those estimates.

Income Taxes – The IDA is an entity that is operated by a governmental organization and is exempt from Federal, State and local income taxes.

Grant Accounting – Pass-through grants are recorded as receivables, revenues, liabilities, and expenses when awarded. All other grants are recorded as receivables and deferred revenues upon award of the contracts; revenues are recognized as the IDA meets performance requirements of the contracts.

Contributed Facilities and Services – The IDA, with the consent of the Board of Representatives from Delaware County, is authorized to use and has shared county employees, facilities, and equipment. The value of these facilities and services is not included within these financial statements.

Investments Policy – The IDA's investment policies are governed by State statutes. In addition, the IDA has its own written investment policy. IDA monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The IDA 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.

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

Capital Assets – Buildings are depreciated using the straight line method of accounting over the assets estimated useful live of 39 years. Depreciation amounted to \$15,682 and \$15,150 in 2013 and 2012, respectively.

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2013

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

Net Position – The IDA reports its net position in three components. Net investment in capital assets are equal to amounts reported for capital assets, net of related debt and accumulated depreciation plus deferred outflows of resources less deferred inflow of resources related to those assets. Restricted net position are reported when assets (net of related debt) can only be used for a specified purpose that is established by grantors, contributors, laws or regulations governing the IDA. For this reason, all restricted net position is considered expendable. Unrestricted net position is all other IDA net assets that do not meet the definitions of invested in capital position or restricted net assets.

New Accounting Pronouncements – During the fiscal year ended December 31, 2013, the IDA 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, 2013. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The IDA 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, 2013.

Additionally, during the year ended December 31, 2013, the IDA 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, 2013 and did not have a material impact on the IDA's financial position or results from operations.

Events Occurring After Reporting Date – Subsequent events were evaluated through April 9, 2014, which is the date the financial statements were available to be issued.

NOTE 3 CASH AND CASH EQUIVALENTS

State statutes require that collateral be pledged for demand deposits, time deposits, and certificates of deposit at 100% of deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Obligations that may be pledged as collateral are obligations of the U.S. Treasury and its agencies, obligations of the State and its municipalities, school district debt, irrevocable letters of credit and surety bonds issued by State authorized insurance companies.

The financial institutional balances, which aggregated \$1,988,723 at December 31, 2013 had a balance of \$43,846 that was not fully covered by the FDIC or collateralized by securities.

The financial institutional balances which aggregated \$1,042,457 at December 31, 2012 were covered by the FDIC or collateralized by securities.

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY  
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NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2013

NOTE 4 FEDERAL AND STATE AID CONTINGENCIES

The IDA has received Federal and State Aid and Grants that are subject to audit by agencies of the Federal and State governments. Such audits may result in disallowances and a request for a return of funds to the Federal and State governments. The IDA believes disallowances, if any, will be immaterial.

NOTE 5 LOANS RECEIVABLE

Loans Receivable-HUD, Micro, and GOSC

The IDA administers the United States Department of Housing and Urban Development (HUD), Micro, and Governors' Office for Small Cities (GOSC) Grant program on behalf of Delaware County. The IDA was awarded grants through HUD and GOSC, which was then sub-granted to the IDA. The activity for the year ended December 31, 2013 for HUD Micro and GOSC loans was as follows.

<u>Borrower</u>	<u>01/01/2013 Principal</u>	<u>Advances</u>	<u>Write Offs/ Repayments</u>	<u>12/31/2013 Principal</u>
53535 Main St. Corp – Cassie	\$ 30,822	\$ -	\$ (6,533)	\$ 24,289
A – 1 Home Improvements	26,571	-	(489)	26,082
Ate O Ate	-	80,000	(2,184)	77,816
Benkrom West Brach Collision	34,485	-	(2,606)	31,879
Bibliobarn	5,123	-	(5,123)	-
Binnekill Square Realty, LLC	16,230	-	(3,506)	12,724
Brookside Hardware	10,999	-	(10,999)	-
Cardio Club 2	24,839	-	(1,816)	23,023
Cardio Club	16,666	-	(8,151)	8,515
Conklin Farm & Forest	7,390	-	(1,244)	6,146
Delaware Phoenix Distiller	14,429	-	(6,214)	8,215
Eklunds Processing, Inc.	154,251	-	(14,248)	140,003
Its 5 Somewhere	-	30,000	(907)	29,093
JenLid, LLC	78,967	-	(78,967)	-
JenLid, LLC	148,064	-	(148,064)	-
Lucky Dog Farm Shop	3,908	-	(3,908)	-
Lucky Dog – Hamden Inn	7,884	-	(1,914)	5,970
Masserson Properties	11,297	-	(2,678)	8,619
ROMO, LLC	11,080	-	(2,461)	8,619
ROMO, LLC	11,079	-	(2,460)	8,619
Roxbury Mt. Maple	16,950	-	(4,926)	12,024
Roxbury Mt. Maple	23,376	-	(5,293)	18,083
Skyland Supply and Rental	47,256	-	(5,443)	41,813

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2013

NOTE 5 LOANS RECEIVABLE (Cont'd.)

<u>Borrower</u>	<u>01/01/2013 Principal</u>	<u>Advances</u>	<u>Write Offs/ Repayments</u>	<u>12/31/2013 Principal</u>
Susan Decker	-	62,444	-	62,444
Susan Decker	16,548	-	(16,548)	-
Sweet Peas	28,881	-	(479)	28,402
The Coffee Pot	40,000	-	(40,000)	-
The Green Giraffe	8,747	-	(3,332)	5,415
The Market Basket	12,688	-	(649)	12,039
Thomas Collier	7,452	-	(3,106)	4,346
Work in Progress Fabrications	<u>5,427</u>	<u>-</u>	<u>(2,041)</u>	<u>3,386</u>
	<u>\$ 821,409</u>	<u>\$ 172,444</u>	<u>\$ (386,289)</u>	607,564
Less: Current portion				<u>(119,863)</u>
Long term receivable				<u>\$ 487,701</u>

The activity for the year ended December 31, 2013 for other IDA loans was as follows:

<u>Borrower</u>	<u>01/01/2013 Principal</u>	<u>Advances</u>	<u>Write Offs/ Repayments</u>	<u>12/31/2013 Principal</u>
Catskill Development Fd.	\$ 23,000	\$ 8,500	\$ -	\$ 31,500
Catskill Mountain Artisans Guild	-	10,000	(10,000)	-
Decker Advertising	64,420	-	(7,774)	56,646
Leatherstocking Realty	66,263	-	-	66,263
Shady Lady Enterprises	100,000	-	(2,148)	97,852
Sportsfield Specialties	<u>241,989</u>	<u>-</u>	<u>(26,247)</u>	<u>215,742</u>
	<u>\$ 495,672</u>	<u>\$ 18,500</u>	<u>\$ (46,169)</u>	468,003
Less: Current portion				<u>(75,608)</u>
Long-term receivable				<u>\$ 392,395</u>



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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2013

NOTE 6 CAPITAL ASSETS

Capital assets as of December 31, 2013 and 2012 were comprised of the following:

	<u>Accumulated Cost</u>	<u>Book Depreciation</u>	<u>Value</u>
<b>2013</b>			
Depreciable:			
Buildings	\$ 729,080	\$ 55,606	\$ 673,474
Non-Depreciable:			
Land	114,156	-	114,156
Amphenol project	<u>1,076,944</u>	<u>-</u>	<u>1,076,944</u>
Total non-depreciable	<u>1,191,100</u>	<u>-</u>	<u>1,191,100</u>
Capital assets - Net	<u>\$ 1,920,180</u>	<u>\$ 55,606</u>	<u>\$ 1,864,574</u>
<b>2012</b>			
Depreciable:			
Buildings	\$ 559,083	\$ 39,924	\$ 519,159
Non-Depreciable:			
Land	114,156	-	114,156
Amphenol project	<u>1,076,944</u>	<u>-</u>	<u>1,076,944</u>
Total non-depreciable	<u>1,191,100</u>	<u>-</u>	<u>1,191,100</u>
Capital assets - Net	<u>\$ 1,750,183</u>	<u>\$ 39,924</u>	<u>\$ 1,710,259</u>

In 2010, the IDA purchased the former AJS Facility. The IDA made improvements to this property of \$169,997 during the year ended December 31, 2013. The IDA is currently leasing this building to two companies.

In 2009, the Sidney IDA transferred the following properties to the IDA:

- 21 acres of vacant land located on Lower River Street, Sidney, New York with a fair market value (FMV) of \$76,000;
- A 3 bedroom ranch house on 3 acres of land located on River Street, Sidney, New York with a FMV of \$86,000; and
- 3.12 acres of vacant land located on Winkler Road, Sidney, New York with a FMV of \$30,000. This property was sold in 2012.

In 1982, the IDA purchased a 15 acre industrial park in Walton, New York at a cost of \$112,500. The property was purchased for potential industrial development in connection with the issuance of IDA bonds. As of December 31, 2013, the IDA had sold 12 acres and has 3 acres left with a cost basis of \$28,156.

During 2012, the IDA purchased three separate properties for the Amphenol project with a total cost of \$1,076,944. The IDA is expecting to receive grant money to offset the cost of this project. The IDA plans to turn over these properties to Amphenol upon completion of this project.

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2013

NOTE 7 LEASE AGREEMENTS

In December 2010, the IDA entered into a 3-year lease agreement for the former AJS Facility. Rental income was \$1.00 per year plus the following payments for taxes, due by September 1<sup>st</sup>:

2011	\$	12,000
2012		14,000
2013		16,000

Rental income was \$3,615 and \$14,000 for the years ended December 31, 2013 and 2012, respectively. In 2013 the IDA received a reduced amount for taxes under this agreement as two new lease agreements were entered into. The two separate seven month leases are for the period September 1, 2013 – March 31, 2014. One requires monthly payments of \$2,813 and the other \$1,668. Total rental income received under these two leases was \$18,020 for the year ended December 31, 2013.

The IDA also has a month-to-month lease for the property on River Street in Sidney, New York. Rental income received under this agreement was \$7,200 for the years ended December 31, 2013 and 2012.

NOTE 8 RESTRICTED CASH

During 2002, the County of Delaware issued loans from grants received from the United States Department of Agriculture (USDA) and United States Department Housing and Urban Development (HUD), which are being administered by the IDA. The IDA is administering the HUD and USDA loan programs. The IDA collects the loan payments for the HUD program and holds them in a separate bank account. The County pays the IDA's applicable administrative costs. The balance of the repayments received which are held by the IDA as of December 31, 2013 and 2012 is \$53,866 and \$147,310, respectively and is reflected as restricted cash. These funds are available for relending.

NOTE 9 INDUSTRIAL REVENUE BOND AND NOTE TRANSACTIONS

Certain industrial development revenue bonds and notes issued by the IDA are secured by property that is leased to companies. The bonds and notes are not obligations of the IDA or the State of New York. The IDA does not record the assets or a liability resulting from completed bond and note issues 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 there from are controlled by trustees or banks acting as fiscal agents. For providing this service, the IDA receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and notes. Since its inception, the IDA has issued various bonds under these and similar arrangements (See the schedule of supplemental bond information).

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2013

NOTE 10 LINE OF CREDIT

The IDA has a \$1,000,000 line of credit with the Bank of Cooperstown to be used for the Amphenol project. The balance due on this line of credit at December 31, 2013 and 2012 was \$843,868 and \$817,269, which includes interest of \$37,842 payable at 3.3% for 2013 and \$11,243 for 2012.

NOTE 11 COMMITMENTS AND CONTINGENCIES

A. The industrial park in Walton, New York was purchased at a cost of \$112,500. The Farmers Home Administration (FHA) provided IDA with \$90,000 to finance the purchase. The terms of this arrangement require that the IDA reimburse the FHA \$6,000 for each sellable acre sold. Since only 92% of the land is salable, the original contingent liability was \$82,800.

To date, 12 acres of land have been sold. The IDA sold three acres in 2012 and a liability has been recorded for \$18,000 due to FHA for this sale.

B. At December 31, 2013 and 2012, the IDA has restricted net position of \$982,467 and \$1,223,981, respectively, which represents the net loans receivable balance as of year-end.

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

NOTE 12 RELATED PARTY TRANSACTIONS

The president of a local bank of which the IDA established a line of credit for \$1,000,000 is vice chairman of the IDA.

The IDA has a related party relationship with the County of Delaware Local Development Corporation (the LDC). The LDC is a non-profit organization and shares its constituency, membership and purpose with the IDA. LDC was incorporated in August 1998, and became active during the year ended December 31, 2000. There are separately issued financial statements for the LDC.

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

SCHEDULE OF SUPPLEMENTAL BOND INFORMATION

December 31, 2013

Purchaser	Issuee	Issue Date	Price	Rate	Balance	Due Date
First Albany Capital	Delaware Valley Hospital 1 Titus Place Walton, NY 13856	07/01/07	\$ 5,805,000	4.17%	\$ -	07/01/32
Bond Purpose:	Services					
TC Bank of North America	Deposit Wood Pellet, LLC 415 Squantum Road Jaffrey, NH 03452	04/02/10	9,000,000	5.05%	7,016,804	04/01/21
Bond Purpose:	Manufacturing					

See auditors' report.

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

SCHEDULE OF OUTSTANDING SALE AND LEASE AGREEMENTS

Year ended December 31, 2013

Project Owner Project Owner Address	Purpose	Tax Exemptions				
		Sales Tax Exemptions		Real Property Tax		
		State	Local	County	Local	School
Courier Printing Corp. Laural Bank Avenue Deposit, NY 13754	Construction	\$ -	\$ -	\$ 4,287	\$ 9,552	\$ 13,407
Arnan Development Corp. 6459 State Hwy 23 Oneonta, NY 13820	Construction	-	-	3,909	3,737	14,650
TEMA Enterprises 7552 State Hwy 23 Oneonta, NY 13820	Construction	-	-	3,637	3,492	13,689
Kampsites & Realty 157 Cheese Factory Road Deposit, NY 13754	Construction	-	-	3,122	1,378	8,673
Burton F. Clark, Inc. dba Clark Companies I 41155 State Road 10 Delhi, NY 13753	Construction	-	-	9,995	12,014	22,224
Octagon Farms 34055 Sate Highway 10 Walton, NY 13856	Construction	-	-	2,019	1,894	5,193
Hancock House PO Box 718 Hancock, NY 13783	Construction	-	-	6,619	17,559	16,032
Masserson Properties 2258 County Route 41 Roxbury, NY 12474	Construction	-	-	3,516	6,462	9,764
Leatherstocking Realty Holdings 231 North Bellinger St Herkimer, NY 13350	Acquisition	-	-	19,828	20,740	50,757
Huff Ice Cream 3 Winkler Road Sidney, NY 13838	Construction	-	-	2,502	8,027	7,964
<b>Total</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ 59,434</b>	<b>\$ 84,855</b>	<b>\$ 162,353</b>

See auditors' report

Mortgage Recording	Total Exemptions	Payment in Lieu of Taxes			
		County	Local	School	Total
\$ -	\$ 27,246	\$ 3,621	\$ 7,164	\$ 10,080	\$ 20,865
-	22,296	3,909	3,737	14,650	22,296
-	20,818	3,637	3,492	13,689	20,818
-	13,173	2,602	1,340	8,673	12,615
-	44,233	3,846	4,860	7,518	16,224
-	9,106	1,528	1,490	3,951	6,969
-	40,210	4,445	13,774	12,579	30,798
-	19,742	3,029	5,868	8,411	17,308
-	91,325	14,871	16,179	38,068	69,118
-	18,493	1,251	4,014	4,278	9,543
<u>\$ -</u>	<u>\$ 306,642</u>	<u>\$ 42,739</u>	<u>\$ 61,918</u>	<u>\$ 121,897</u>	<u>\$ 226,554</u>

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

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

Year ended December 31, 2013

	<u># of FTE Employees at Project Locations Before Agency Status</u>	<u>Original Estimate of Jobs to be Created</u>	<u>Original Estimate of Jobs to be Retained</u>
Issuee:			
Delaware Valley Hospital, Inc	121	0	121
Deposit Wood Pellet, LLC	0	0	0
Project Owner:			
Courier Printing Corp.	0	10	0
Arnan Development Corp.	46	3	46
TEMA Enterprises	2	3	2
Kampsites & Realty	16	6	16
Burton F. Clark, Inc. dba Sports Edge, Inc.	8	40	8
Hancock House	0	0	0
Leatherstocking Realty Holdings LLC	80	17	80
Masseron Properties, Inc	3	2	3
Millennium Pipeline	2	0	2
Central NY Railroad	0	0	0
Huff Ice Cream	30	20	30
Octagon Enterprises	0	2	0
	<u>308</u>	<u>103</u>	<u>308</u>

See auditor's report.

<u># of Current FTE Employees</u>	<u># of FTE Jobs (Lost)/ Created During Fiscal Year</u>	<u># of FTE Jobs Retained During Fiscal Year</u>
192	0	192
15	0	15
33	0	33
45	-5	45
10	-10	10
16	-4	16
59	4	55
8	2	8
0	0	0
18	6	12
0	0	0
0	0	0
56	-18	56
<u>0</u>	<u>-1</u>	<u>0</u>
<u><u>452</u></u>	<u><u>-26</u></u>	<u><u>442</u></u>



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**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 Delaware Industrial Development Agency  
Delhi, 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 Delaware Industrial Development Agency (the "IDA") (a component unit of Delaware County, New York), which comprise of the statements of net position as of and for the year ended December 31, 2013, and the related statements of revenues, expenses and changes in net position, and statements cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 9, 2014.

**Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control that we consider significant deficiencies and are described in the accompanying schedule of findings and responses, as items 2013 – 1; 2013 – 2; and 2013 – 3.

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

The IDA's responses to the findings, identified in our audit, are described in the accompanying schedule of findings and responses. The IDA's responses are not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the IDA'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 the IDA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the IDA'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 the County of Delaware Industrial Development Agency audit committee, management, the 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.

Oneonta, New York  
April 9, 2014

*Mistert, Manzanero & Scott, LLP*

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

SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES

Year Ended December 31, 2013

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CURRENT YEAR FINDINGS

2013 – 1: Improper General Ledger Postings for Cash Disbursements

Condition: Several cash disbursement postings were not posted to the proper general ledger account in 2013.

Criteria: To ensure accurate financial reporting, cash disbursements need to be recorded in the proper general ledger account.

Effect: Lack of controls over posting of cash disbursements can lead to improper reporting of expenses in the financial statements.

Recommendation: We recommend that procedures be implemented to ensure that all cash disbursements are properly recorded in the general ledger. Use of a voucher system where management could detail how an invoice should be posted before it is inputted, along with periodic review of detailed ledger is one way to prevent this.

Management

Response: Following the identification of the issue leading to these posting inaccuracies, we created and implemented a new process and policy for the handling of all cash receipts and cash disbursements. This new process allows for greater oversight by management during the transaction recording process which has greatly helped to eliminate such posting errors.

2013 – 2: Unrecorded Accounts Receivable and Payables

Condition: Adjusting journal entries had to be made to record unrecorded accounts receivable and payables at year-end.

Criteria: On an accrual basis of accounting at year-end, outstanding receivables and payables need to be analyzed and recorded to prevent misstatement of financial reports.

Effect: Lack of controls over payables and receivables can lead to inaccurate reporting of income, expenses, assets and liabilities in the financial statements.

Recommendation: We recommend that the IDA record all unrecorded accounts receivable at year-end. This will provide accurate financial reporting, which will give those in-charge of governance correct information to base their decisions on.

Management

Response: Management agrees with the need to address this issue and will seek assistance in creating a process to do so.

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

SCHEDULE OF CURRENT YEAR FINDINGS AND RESPONSES

Year Ended December 31, 2013

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2013 – 3:	<u>Cash Receipts Received in December not Recorded Until January</u>
Condition:	Cash receipts received the last ten days of December were not recorded or deposited until January.
Criteria:	Timely recording and depositing of the IDA’s cash receipts is a major internal control over cash receipts.
Effect:	Inadequate controls over the IDA’s cash receipts could lead to improper reporting of cash and revenue or receivable account associated with the cash receipt.
Recommendation:	The IDA needs to timely deposit and record all cash receipts in the proper accounting period.
Management Response:	With the small number of staff in our office and the segregation of responsibilities necessary to ensure proper handling of cash receipts and cash disbursements, the holidays resulted in delays in our newly implemented process. Steps have since been taken to ensure we are able to adhere to the process and policy in the days surrounding a holiday.