

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

AUDITED FINANCIAL STATEMENTS

Years ended December 31, 2015 and 2014

COUNTY OF DELAWARE
INDUSTRIAL DEVELOPMENT AGENCY

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1 – 2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3 – 5
FINANCIAL STATEMENTS	
Statements of Net Position	6
Statements of Revenues, Expenses and Changes in Net Position	7
Statements of Cash Flows	8
Notes to the Financial Statements	9 – 17
OTHER FINANCIAL INFORMATION	
Schedule of Supplemental Bond Information	18
Schedule of Outstanding Sale and Lease Agreements	19
Schedule of Full-Time Equivalent (FTE) Jobs Created and Retained	20
COMPLIANCE AND INTERNAL CONTROL	
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 <i>Government Auditing Standards</i>	21 – 22
Schedule of Current Year Findings and Responses	23

4 Associate Drive
Oneonta, New York 13820
Phone: (607) 432-8700
Fax: (607) 432-5122
www.mmscpas.com



MOSTERT, MANZANERO & SCOTT, LLP
Certified Public Accountants

Deborah L. Mostert, CPA
Anthony T. Manzanero, CPA
Dennis J. Scott, CPA

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 the County of Delaware Industrial Development Agency (the "IDA") (a component unit of Delaware County, New York) as of December 31, 2015 and 2014, 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 misstatement.

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, 2015 and 2014, 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 Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management Discussion and Analysis on Pages 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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 18 – 20 in the other financial information section is presented for purposes of additional analysis and is not a required part of the financial statements, but is supplemental information that is required by the Office of New York State Comptroller. The schedules are the responsibility of management and 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 March 23, 2016 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 reporting and compliance.

Mistert, Manzano & Scott, LLP

Oneonta, New York
March 23, 2016

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2015. 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 report on compliance and internal control to help the reader better understand the financials.

Financial Statements

The IDA's financial statements, provide readers with a comprehensive reporting of the IDA's 2015 and 2014 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 revenues for the IDA were \$636,005 for fiscal year 2015. Net income produced an increase in net position of \$369,442. At the close of the fiscal year 2015, the IDA had a net position of \$5,743,583.

The operating revenues for the IDA were \$2,011,003 for fiscal year 2014. Net income produced an increase in net position of \$1,520,573. At the close of fiscal year 2014, the IDA had a net position of \$5,249,141.

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 statements of net position is the major asset. For the IDA's loan funds, the financial statement shows an increase from \$1,313,803 at year-end 2014 (net of the allowance for bad debt) to \$1,505,092 at year-end 2015, a net increase of \$191,289.

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 amounting to \$31,541 to this property in 2015. These projects are concurrent with the IDA's objectives of encouraging economic development in the county.

In 2012, the IDA purchased three properties for the Amphenol project for a total of \$1,076,945. The IDA received grant funding from the NYS Dormitory Authority to offset a portion of the cost of this project. The land is to be transferred to Amphenol in 2033.

During 2014, the IDA purchased five properties in Sidney Center for a stream bank restoration project to lessen flood impacts to the Hamlet of Sidney Center. Such a project was a requirement that was imposed upon the IDA by the U.S. Army Corps of Engineers as mitigation for environmental impacts associated with the Amphenol project.

During 2015, the IDA purchased four properties in the Village of Sidney. Three of the properties are located in the Sidney Industrial park and the fourth is immediately adjacent to the Industrial Park. The properties, all of which were vacant at the time of acquisition, were acquired for the purpose of being redeveloped into shovel ready sites and/or buildings to be made available for the expansion or location of businesses. The property located at 14 Winkler Road was subsequently sold in 2015 to facilitate the expansion of a neighboring business.

Goals and Accomplishments

The primary goals of the IDA in 2015 were the continued management of the IDA's low interest loan funds to provide new and existing businesses with access to capital to support new investment resulting in job creation and the acquisition and development of shovel ready sites and buildings to meet the future needs of business projects. In 2015, the IDA and LDC combined to provide nearly \$1.4 million in low cost financing to local businesses, with an additional \$370,000 of financial assistance in the form of grant programs. Also in 2015, the IDA acquired four parcels of property for potential redevelopment as shovel ready sites/buildings.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is a 2015 – 2013 comparative summary of the IDA's financial statements, showing the increase in net assets:

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY'S
NET POSITION

	2015	2014	2013
Current assets	\$ 2,411,843	\$ 2,591,483	\$ 7,555,405
Non-current assets	3,383,816	2,764,206	2,651,571
Total assets	5,795,659	5,355,689	10,206,976
Current liabilities	34,076	88,548	6,508,808
Non-current liabilities	18,000	18,000	18,000
Total liabilities	52,076	106,548	6,526,808
 Total net position	 \$ 5,743,583	 \$ 5,249,141	 \$ 3,680,168

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

	2015	2014	2013
Operating revenues	\$ 636,005	\$ 2,011,003	\$ 5,407,410
Operating expenses	(267,063)	(491,062)	(4,858,861)
Operating income	368,942	1,519,941	548,549
Non-operating income – Investment income	500	632	726
 Change in net position	 369,442	 1,520,573	 549,275
Net position - Beginning of year	5,249,141	3,680,168	3,130,893
Prior period adjustment	125,000	48,400	-
 Net position – Beginning of year – Restated	 5,374,141	 3,728,568	 3,130,893
 Net position - End of year	 \$ 5,743,583	 \$ 5,249,141	 \$ 3,680,168

Economic Factors

The management of the IDA is not aware of any changes in economic factors or conditions since December 31, 2015 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, 2015 and 2014

<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
Current assets:		
Cash and cash equivalents	\$ 1,835,800	\$ 1,943,445
Restricted cash	33,918	68,589
Accounts receivable	20,773	126,035
Prepaid expenses	10,648	1,999
Due from Local Development Corporation (LDC)	-	7,677
Current portion of loans receivable	510,704	443,738
Total current assets	<u>2,411,843</u>	<u>2,591,483</u>
Capital assets, net	2,389,428	1,894,141
Long-term portion of loans receivable, net of allowance for bad debts of \$45,713 for 2015 and \$93,100 for 2014	<u>994,388</u>	<u>870,065</u>
Total assets	<u>5,795,659</u>	<u>5,355,689</u>
 <u>LIABILITIES AND NET POSITION</u>		
Current liabilities:		
Accounts payable	26,499	88,548
Due to Local Development Corporation (LDC)	1,600	-
Land deposit	5,000	-
Other liabilities	977	-
Total current liabilities	<u>34,076</u>	<u>88,548</u>
Long-term liabilities:		
Due to Federal Housing Administration (FHA)	<u>18,000</u>	<u>18,000</u>
Total liabilities	<u>52,076</u>	<u>106,548</u>
Net position:		
Investment in capital assets	2,389,428	1,894,141
Restricted for loans	1,505,092	1,313,803
Unrestricted	<u>1,849,063</u>	<u>2,041,197</u>
Total net position	<u>\$ 5,743,583</u>	<u>\$ 5,249,141</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, 2015 and 2014

	2015	2014
Operating revenues:		
County of Delaware	\$ 221,750	\$ 221,750
Interest income and late fees	45,965	36,109
Contributions	108,000	108,000
Miscellaneous	-	1,440
Pilot fees	41,000	230,720
Grant income	117,104	1,352,038
Rental income	48,875	60,946
Bad debt recovery	47,387	-
Gain on sale of real property	5,924	-
Total operating revenues	636,005	2,011,003
Operating expenses:		
Pilot Program	16,000	16,000
Depreciation	19,737	19,400
Insurance	13,491	9,278
Interest expense and bank charges	-	15,814
Grants and sponsorships	-	1,100
Miscellaneous	4,628	5,405
Professional fees	19,012	23,468
Promotional/marketing	1,615	910
Rental expense	150	1,695
Property taxes	15,079	-
Transfer to LDC	7,677	5,000
Project expenses	158,471	392,992
Salaries and wages	10,000	-
Payroll taxes	1,203	-
Total operating expenses	267,063	491,062
Operating income	368,942	1,519,941
Non-operating revenue and expenses:		
Investment interest	500	632
Net income	369,442	1,520,573
Net position - Beginning of year	5,249,141	3,680,168
Prior period adjustment	125,000	48,400
Net position - Beginning of year, restated	5,374,141	3,728,568
NET POSITION - END OF YEAR	\$ 5,743,583	\$ 5,249,141

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, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Cash received from grants and donations	\$ 555,427	\$ 1,681,788
Cash received from services provided	189,151	521,391
Payments received on loans	318,181	246,136
Other revenue received	500	1,440
Other operating payments	(353,968)	(641,544)
Issuance of loans	(462,083)	(577,472)
Grants issued	-	(1,100)
NET CASH PROVIDED BY OPERATING ACTIVITIES	247,208	1,230,639
Cash flows from capital and related financing activities:		
Line of credit	-	(843,868)
Land costs	(390,024)	(48,966)
NET CASH USED IN CAPITAL ACTIVITIES	(390,024)	(892,834)
Cash flows from investing activities:		
Investment income	500	632
NET CASH PROVIDED BY INVESTING ACTIVITIES	500	632
Increase in cash and cash equivalents	(142,316)	338,437
Cash - Beginning of year	2,012,034	1,673,597
Cash - End of year	\$ 1,869,718	\$ 2,012,034
Reconciliation of operating income to net cash provided by operating activities:		
Net operating income	\$ 368,942	\$ 1,519,941
Depreciation	19,737	19,400
Changes in assets and liabilities:		
Decrease in accounts receivable	105,262	135,020
Increase in prepaid expense	(8,649)	(308)
Decrease in due from LDC	7,677	-
Increase in loans receivable	(191,289)	(331,336)
Decrease in accounts payable and other liabilities	(54,472)	(112,078)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 247,208	\$ 1,230,639

See accompanying notes.

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2015

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).

Related Entity

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. The 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.

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 U.S. generally accepted accounting principles (U.S. GAAP). The IDA reports are based on all applicable 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.

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2015

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

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.

Accounts Receivable – Accounts 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 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 \$45,713 and \$93,100 for the IDA as of December 31, 2015 and 2014, respectively.

Prepaid Expenditures – Certain payments to vendors reflect costs related to future accounting periods and are recorded as prepaid items.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2015

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

Operating Revenues 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 life of 39 years.

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, 2014, the IDA adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which were effective for the year ending December 31, 2014. This statement provided 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 re-classified to either deferred outflows or inflows of resources for the year ended December 31, 2014.

Additionally, during the year ended December 31, 2014, 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 – 2013 – an amendment of GASB Statements No. 10 and 62*. GASB Statements No. 61 and 66 were adopted, as applicable, 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 March 23, 2016, 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. At December 31, 2015, \$1,583,400 was fully covered by the FDIC or collateralized by securities. Savings in the amount of \$52,093 and petty cash in the amount of \$11 were not covered by the FDIC or collateralized by securities.

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2015

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 programs 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, 2015 for HUD, Micro and GOSC loans was as follows.

<u>Borrower</u>	<u>01/01/2015</u>		<u>Write Offs/</u>	<u>12/31/2015</u>
	<u>Principal</u>	<u>Advances</u>	<u>Repayments</u>	<u>Principal</u>
53535 Main St. Corp – Cassie	\$ -	\$ 35,000	\$ 6,074	\$ 28,926
53535 Main St. Corp – Cassie	17,421	-	17,421	-
A – 1 Home Improvements	25,114	-	95	25,019
Ate O Ate	72,230	-	8,144	64,086
Andes Hotel	-	100,000	5,497	94,503
West Brach Collision	25,401	-	4,848	20,553
Binnekill Square Realty, LLC	5,969	-	3,854	2,115
Cardio Club	40,442	-	40,442	-
Cardio Club	-	41,000	1,685	39,315
Conklin Farm & Forest	4,600	-	1,375	3,225
Delaware Phoenix Distillery	-	7,500	4,339	3,161
Delaware Phoenix Distiller	2,241	-	2,241	-
Eklund Processing, Inc.	125,025	-	17,091	107,934
Its 5 Somewhere	23,526	-	23,526	-
Franklin Family Nurse Practitioner Svcs.	-	130,000	4,102	125,898
Lucky Dog – Hamden Inn	3,960	-	1,221	2,739
Masserson Properties	5,771	-	2,959	2,812
ROMO, LLC	5,079	-	4,823	256
ROMO, LLC	5,079	-	3,252	1,827
Roxbury Mountain Maple	91,244	-	9,126	82,118
Penguin Café	-	75,000	3,082	71,918
Skyland Supply and Rental	35,050	-	7,139	27,911
Susan Decker	57,701	-	5,525	52,176
Sweet Peas	28,402	-	-	28,402
The Green Giraffe	1,890	-	1,890	-
The Market Basket	10,685	-	1,082	9,603
Thomas Collier	1,085	-	1,085	-

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2015

NOTE 5 LOANS RECEIVABLE (Cont'd.)

<u>Borrower</u>	<u>01/01/2015 Principal</u>	<u>Advances</u>	<u>Write Offs/ Repayments</u>	<u>12/31/2015 Principal</u>
Tulip & Rose	\$ 22,719	\$ -	\$ 22,719	\$ -
Work in Progress Fabrications	<u>1,541</u>	<u>-</u>	<u>490</u>	<u>1,051</u>
	<u>\$ 612,175</u>	<u>\$ 388,500</u>	<u>\$ 205,127</u>	795,548
Less: Current portion				<u>(122,048)</u>
Long term receivable				<u>\$ 673,500</u>

The activity for the year ended December 31, 2015 for other IDA loans was as follows:

<u>Borrower</u>	<u>01/01/2015 Principal</u>	<u>Advances</u>	<u>Write Offs/ Repayments</u>	<u>12/31/2015 Principal</u>
Catskill Development Fd.	\$ 37,000	\$ -	\$ -	\$ 37,000
Decker Advertising	138,607	-	11,622	126,985
Leatherstocking Realty	66,263	-	66,263	-
Roxbury Mountain Maple	268,417	23,583	-	292,000
RPDN Enterprises	-	50,000	3,796	46,204
Shady Lady Enterprises	95,745	-	3,505	92,240
Sportsfield Specialties	<u>188,696</u>	<u>-</u>	<u>27,868</u>	<u>160,828</u>
	<u>\$ 794,728</u>	<u>\$ 73,583</u>	<u>\$ 113,054</u>	755,257
Less: Current portion				<u>(388,656)</u>
Long-term receivable				<u>\$ 366,601</u>

Loans receivable are summarized as follows:

HUD loans	\$ 795,548
Other loans	<u>755,257</u>
Subtotal	1,550,805
Less: Current portion	<u>(510,704)</u>
Subtotal	1,040,101
Less: Allowance	<u>(45,713)</u>
Long-term portion	<u>\$ 994,388</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2015

NOTE 6 CAPITAL ASSETS

Capital assets as of December 31, 2015 and 2014 were comprised of the following:

<u>2015</u>	<u>Accumulated Cost</u>	<u>Book Depreciation</u>	<u>Book Value</u>
Depreciable – Buildings	\$ 760,621	\$ 94,744	\$ 665,877
Non-Depreciable:			
Land	646,607	-	646,607
Amphenol project	<u>1,076,944</u>	<u>-</u>	<u>1,076,944</u>
Total non-depreciable	<u>1,723,551</u>	<u>-</u>	<u>1,723,551</u>
Capital assets – Net	<u>\$ 2,484,172</u>	<u>\$ 94,744</u>	<u>\$ 2,389,428</u>
<u>2014</u>	<u>Accumulated Cost</u>	<u>Book Depreciation</u>	<u>Book Value</u>
Depreciable – Buildings	\$ 729,080	\$ 75,006	\$ 654,074
Non-Depreciable:			
Land	163,123	-	163,123
Amphenol project	<u>1,076,944</u>	<u>-</u>	<u>1,076,944</u>
Total non-depreciable	<u>1,240,067</u>	<u>-</u>	<u>1,240,067</u>
Capital assets – Net	<u>\$ 1,969,147</u>	<u>\$ 75,006</u>	<u>\$ 1,894,141</u>

Depreciation at December 31, 2015 and 2014 amounted to \$19,737 and \$19,400, respectively.

During 2015, the IDA purchased four (4) properties located in the Village of Sidney, New York. These properties were acquired for the purpose of being redeveloped into shovel ready sites and/or buildings to be made available for the expansion or location of businesses. One of the four properties was subsequently sold to facilitate the expansion of a neighboring business.

During 2014, the IDA purchased five properties for a stream bank restoration project with a total cost of \$48,966. The project was imposed on the IDA by the U.S. Army Corp of Engineers as mitigation for environmental impacts associated with the Amphenol Project. The IDA also accepted the transfer of 15.88 acres, located in Kortright, New York, in the County of Delaware, with an estimated value of \$125,000. This property is currently under contract for sale.

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2015

NOTE 6 CAPITAL ASSETS (Cont'd.)

During 2012, the IDA purchased three separate properties for the Amphenol project with a total cost of \$1,076,945. In 2014, the IDA received grant money to offset the cost of this project. The IDA plans to turn over these properties to Amphenol in 2033.

In 2010, the IDA purchased the former AJS Facility. The IDA made improvement to this property totaling \$31,541 during the year ended December 31, 2015. The IDA made no improvements to this property during the year ended December 31, 2014. 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; and
- A 3 bedroom ranch house on 3 acres of land located on River Street, Sidney, New York with a FMV of \$86,000.

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.

NOTE 7 LEASE AGREEMENTS

During 2015, the IDA renewed a 3 year lease agreement and entered into a new 5 year lease agreement for the former AJS facility. Total rental income received under the current and prior lease agreements amounted to \$41,675 and \$53,746 for the years ending December 31, 2015 and 2014, respectively. Future minimum lease payments to be received as of December 31, 2015 are as follows:

2016	\$	32,612
2017		38,612
2018		32,806
2019		24,000
2020		<u>12,000</u>
Total	\$	<u>140,030</u>

The IDA also has a month-to-month lease for property on River Street in Sidney, New York. Rental income received under this agreement was \$7,200 for the years ended December 31, 2015 and 2014.

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2015

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 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 balances of the repayments received which are held by the IDA as of December 31, 2015 and 2014 were \$33,918 and \$68,589, 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).

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. During 2014, the IDA paid off the outstanding balance of \$859,681, which included interest of \$15,814. At December 31, 2015 and 2014, there are no amounts due to the Bank of Cooperstown on this line of credit.

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 previously sold three acres which has not been reimbursed. A liability has been recorded for \$18,000 due to FHA for this sale.

B. At December 31, 2015 and 2014, the IDA has restricted net position of \$1,505,092 and \$1,313,803, respectively, which represents the net loans receivable balance as of year-end.

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

NOTES TO THE FINANCIAL STATEMENTS

Year Ended December 31, 2015

NOTE 11 COMMITMENTS AND CONTINGENCIES (Cont'd.)

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.

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 chairman of the IDA is affiliated with an insurance company with which the IDA purchases insurance coverage. For the years ending December 31, 2015 and 2014, the IDA paid the insurance company \$2,560 and \$2,279, respectively, for insurance coverage.

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. The 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.

For the year ended December 31, 2015, the IDA transferred \$7,677 to the LDC and currently owes an additional \$1,600.

For the year ended December 31, 2014, the IDA transferred \$5,000 to the LDC and is owed a total of \$7,677 from the LDC.

NOTE 13 PRIOR PERIOD ADJUSTMENT

An adjustment in the amount of \$125,000 is shown on the statements of revenues, expenditures and changes in net position as of December 31, 2015 to increase capital assets to reflect the 2014 conveyance of the purchase of 15.88 acres of land from the County.

An adjustment in the amount of \$48,400 is shown on the statements of revenues, expenses and changes in net position at December 31, 2014 to increase the prior year accounts receivable and revenue to agree to actual amounts received with respect to the Amphenol project.

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

SCHEDULE OF SUPPLEMENTAL BOND INFORMATION

December 31, 2015

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%	\$ 3,015,000	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%	5,349,136	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, 2015

Project Owner Project Owner Address	Purpose	Tax Exemptions			
		Sales Tax Exemptions		Real Property Tax	
		State	Local	County	Local
Burton F. Clark, Inc. dba Clark Companies I 41155 State Road 10 Delhi, NY 13753	Construction	-	-	6,953	6,358
Octagon Farms 34055 Sate Highway 10 Walton, NY 13856	Construction	-	-	561	428
Hancock House PO Box 718 Hancock, NY 13783	Construction	-	-	1,329	3,973
Masserson Properties 2258 County Route 41 Roxbury, NY 12474	Construction	-	-	2,210	2,671
Leatherstocking Realty Holdings 231 North Bellinger St Herkimer, NY 13350	Acquisition	-	-	5,179	4,737
Huff Ice Cream 3 Winkler Road Sidney, NY 13838	Construction	-	-	1,263	4,074
New England Wood Pellet LLC PO Box 532 Jaffrey, NH 03452	Construction	-	-	8,297	4,713
Chapel Hill Land Holdings 431 Chapel Hill Road Hancock, NY 13783	Construction	-	-	-	-
Total		\$ -	\$ -	\$ 25,792	\$ 26,954

See auditors' report

<u>x</u> <u>School</u>	<u>Mortgage Recording</u>	<u>Total Exemptions</u>	<u>Payment in Lieu of Taxes</u>			
			<u>County</u>	<u>Local</u>	<u>School</u>	<u>Total</u>
14,992	-	28,303	4,018	5,025	7,663	16,706
1,177	-	2,166	1,745	1,614	3,748	7,107
3,432	-	8,734	4,713	14,458	12,480	31,651
1,372	-	6,253	5,775	8,815	4,665	19,255
12,935	-	22,851	15,538	16,759	38,806	71,103
3,647	-	8,984	1,263	4,080	4,266	9,609
6,316	-	19,326	23,373	10,484	67,611	101,468
12,010	-	12,010	-	-	30,241	30,241
<u>\$ 55,881</u>	<u>\$ -</u>	<u>\$ 108,627</u>	<u>\$ 56,425</u>	<u>\$ 61,235</u>	<u>\$ 169,480</u>	<u>\$ 287,140</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, 2015

	<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>
Issue:			
Delaware Valley Hospital, Inc	121	0	121
Deposit Wood Pellet, LLC	0	17	0
Project Owner:			
Courier Printing Corp.	0	10	0
Arnan Development Corp.	46	3	46
TEMA Enterprises	2	3	2
Kampsites & Realty	0	18	0
Burton F. Clark, Inc. dba Sports Edge, Inc.	8	40	8
Hancock House	0	0	0
Leatherstocking Realty Holdings LLC	178	17	178
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>390</u>	<u>132</u>	<u>390</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>
147	0	147
20	1	19
32	(2)	30
54	(2)	54
24	0	24
24	0	24
75	8	67
14	0	14
0	0	0
13	1	13
0	0	0
0	0	0
75	13	62
<u>2</u>	<u>0</u>	<u>2</u>
<u><u>480</u></u>	<u><u>19</u></u>	<u><u>456</u></u>

4 Associate Drive
Oneonta, New York 13820
Phone: (607) 432-8700
Fax: (607) 432-5122
www.mmscpas.com



MOSTERT, MANZANERO & SCOTT, LLP
Certified Public Accountants

Deborah L. Mostert, CPA
Anthony T. Manzanero, CPA
Dennis J. Scott, CPA

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 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 the 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, 2015, and the related statements of revenues, expenses and changes in net position and statements of cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 23, 2016.

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 have not been identified. 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 that we consider to be a significant deficiency and is described in the accompanying schedule of findings and responses, as item 2015 – 1.

County of Delaware IDA’s Response to Findings

The IDA’s response to the finding, identified in our audit, is described in the accompanying schedule of findings and responses. The IDA’s response is not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
March 23, 2016



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, 2015

CURRENT YEAR FINDINGS

2015 – 1: Unrecorded Balance Sheet Items

Condition: Adjusting journal entries had to be made to adjust and record accounts receivable, accounts payable, and prepaid items at year-end.

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

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

Recommendation: In order to make the financial reports generated by the accounting system as meaningful as possible, we recommend that an individual periodically review the balance sheets accounts, along with other supporting records, and appropriately adjust the respecting accounts to actual amounts.

Management

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