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

FINANCIAL STATEMENTS

Years ended December 31, 2018 and 2017

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 financial statements of the County of Delaware Industrial Development Agency (the "IDA") (a component unit of Delaware County, New York) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the IDA's basic financial statements, as listed in the table of contents.

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 opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material 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 opinions.

Opinions

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, 2018 and 2017, and the respective changes in its 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 – 6 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 21 – 23 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 April 24, 2019 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.

Mostert, Manzanero & Scott, LLP

Oneonta, New York
April 24, 2019

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, 2018. 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 all other 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 financial statements.

Financial Statements

The IDA's financial statements, provide readers with a comprehensive reporting of the IDA's 2018 and 2017 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 to the financial statements 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 $482,604 for fiscal year 2018. Net operating income produced an increase in net position of $291,655. At the close of the fiscal year 2018, the IDA had a net position of $6,717,028.

The operating revenues for the IDA were $1,470,154 for fiscal year 2017. Net operating income produced an increase in net position of $287,649. At the close of fiscal year 2017, the IDA had a net position of $6,425,373.

The IDA's primary objective is to provide assistance to existing businesses, business 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 the statements of net position is the major asset. For the IDA's loan funds, the financial statement shows a decrease from $2,604,358 at year-end 2017 to $2,488,520 at year-end 2018, a net decrease of $115,838.

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

A 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 no improvements to the property in 2018 or in 2017. 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 $1,076,944. 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.

Between 2014 and 2016, the IDA purchased six 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 properties located at 12 and 14 Winkler Road were subsequently sold to facilitate the expansion of neighboring businesses.

In 2017, the IDA purchased a single property located at 120 Industrial Park Rd, Walton, New York. The property was acquired for the purpose of being redeveloped into shovel ready sites and/or buildings to be made available for the expansion for location of area businesses.

In 2018, the IDA purchased two properties located at 135 Delaware Avenue in Sidney and 27905 State Highway 28 in Andes. The property located in Sidney will be redeveloped in support of a future project in planning stages. The property in Andes will be used as an Ag incubator.

Goals and Accomplishments

The primary goals of the IDA in 2018 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 investments, resulting in job creation and the acquisition and development of shovel ready sites and buildings to meet the future needs of business projects. In 2018, the IDA and Delaware County Local Development Corporation (LDC) combined to provide nearly $700,000 in low cost financing to local businesses, resulting in $7 million of investment in local companies and the creation of 48 new full-time jobs. In 2018, the IDA analyzed several potential sites throughout the County for acquisition and redevelopment purposes and purchased one in Sidney and one in Andes for such purposes. Lastly, in 2018, the IDA began repairs to a pipeline it owns in the Town of Delhi to meet the infrastructure needs of two manufacturing companies, and initiated a project to upgrade a pump station that work in conjunction with the pipeline.

The following is a 2018 – 2016 comparative summary of the IDA's financial statements, showing the increase in net assets:

COUNTY OF DELAWARE INDUSTRIAL DEVELOPMENT AGENCY'S
NET POSITION

	2018	2017	2016
Current assets	$ 2,500,375	$ 2,661,808	$ 2,320,874
Non-current assets	4,288,224	3,808,670	3,863,782
Total assets	6,782,599	6,470,478	6,184,656
Current liabilities	47,571	27,105	28,932
Non-current liabilities	18,000	18,000	18,000
Total liabilities	65,571	45,105	46,952
Total net position	$ 6,717,028	$ 6,425,373	$ 6,137,724

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

	2018	2017	2016
Operating revenues	$ 482,604	$ 1,470,154	$ 957,279
Operating expenses	(191,368)	(1,183,026)	(563,814)
Operating income	291,236	287,128	393,465
Non-operating income – Investment income	419	521	676
Change in net position	291,655	287,649	394,141
Net position - Beginning of year	6,425,373	6,137,724	5,743,583
Net position - End of year	$ 6,717,028	$ 6,425,373	$ 6,137,724

Economic Factors

The management of the IDA is not aware of any changes in economic factors or conditions since December 31, 2018 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.

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

STATEMENTS OF NET POSITION

December 31, 2018 and 2017

ASSETS	2018	2017
Current assets:		
Cash and cash equivalents	$ 1,616,825	$ 1,837,304
Restricted cash	51,410	83,314
Accounts receivable	26,653	15,120
Prepaid expenses	8,479	5,345
Current portion of loans receivable	797,008	720,725
Total current assets	2,500,375	2,661,808
Capital assets, net	2,590,712	1,925,037
Long-term portion of loans receivable, net of allowance for bad debts of $26,753 for 2018 and $42,429 for 2017	1,691,512	1,883,633
Total assets	6,782,599	6,470,478
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable	42,143	21,442
Land deposit	5,000	5,000
Other liabilities	428	663
Total current liabilities	47,571	27,105
Long-term liabilities:		
Due to Federal Housing Administration (FHA)	18,000	18,000
Total liabilities	65,571	45,105
Net position:		
Investment in capital assets	2,590,712	1,925,037
Restricted for loans	2,539,930	2,687,672
Unrestricted	1,586,386	1,812,664
Total net position	$ 6,717,028	$ 6,425,373

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, 2018 and 2017

	2018	2017
Operating revenues:		
County of Delaware	$ 222,000	$ 221,750
Interest income and late fees	74,850	70,129
Contributions	108,000	108,000
Miscellaneous	154	11,904
PILOT fees	26,500	13,500
Grant income	-	1,001,970
Rental income	51,100	42,901
Total operating revenues	482,604	1,470,154
Operating expenses:		
PILOT program	16,000	16,000
Depreciation	22,000	22,000
Insurance	13,556	15,493
Grants and sponsorships	47,515	5,751
Miscellaneous	6,612	5,303
Professional fees	14,948	12,018
Promotional/marketing	2,050	2,815
Rental expense	631	810
Property taxes	10,716	16,070
Grant to LDC	15,000	15,889
Project expenses	31,471	1,031,889
Salaries and wages	10,000	10,000
Payroll taxes	869	1,366
Bad debt	-	27,622
Total operating expenses	191,368	1,183,026
Operating income	291,236	287,128
Non-operating revenue and expenses:		
Investment interest	419	521
Net income	291,655	287,649
Net position - Beginning of year	6,425,373	6,137,724
NET POSITION - END OF YEAR	$ 6,717,028	$ 6,425,373

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, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Cash received from grants and donations	$ 330,000	$ 1,331,720
Cash received from services provided	66,067	63,518
Payments received on loans	902,962	470,850
Other revenue received	154	11,904
Other operating payments	(137,036)	(1,108,874)
Issuance of loans	(712,274)	(397,467)
Grants issued	(15,000)	(15,889)
Cash received on sale of real property	-	10,000
NET CASH PROVIDED BY OPERATING ACTIVITIES	434,873	365,762
Cash flows from capital and related financing activities:		
Purchase of capital assets	(687,675)	(28,249)
NET CASH USED IN CAPITAL ACTIVITIES	(687,675)	(28,249)
Cash flows from investing activities:		
Investment income	419	521
NET CASH PROVIDED BY INVESTING ACTIVITIES	419	521
Increase (decrease) in cash and cash equivalents	(252,383)	338,034
Cash - Beginning of year	1,920,618	1,582,584
CASH - END OF YEAR	$ 1,668,235	$ 1,920,618
Reconciliation of operating income to net cash provided by operating activities:		
Net operating income	$ 291,236	$ 287,128
Depreciation	22,000	22,000
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(11,533)	7,117
(Increase) decrease in prepaid expense	(3,134)	4,716
Increase in loans receivable	115,838	(78,372)
Decrease in capital assets due to land sale	-	125,000
Decrease in accounts payable and other liabilities	20,466	(1,827)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 434,873	$ 365,762

See accompanying notes.

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 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 accounting principles generally accepted in the United States of America (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.

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 amounts are charged to expenditures using the reserve method. The allowance for uncollectible loans receivable was $26,753 and $42,429 for the IDA as of December 31, 2018 and 2017, 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 U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the 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.

Investment 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.

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. 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.

Accounting Pronouncements

During the year ended December 31, 2018, the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions;* Statement No. 85, *Omnibus 2017;* and Statement No. 86, *Certain Debt Extinguishment Issues* became effective.

The IDA has evaluated these Statements and determined that they have no significant impact on the IDA's financial statements for the year ended December 31, 2018.

The following are GASB Statements that have been issued recently and are currently being evaluated by the IDA for their potential impact in future years:

- Statement No. 83, *Certain Asset Retirement Obligations*, which will be effectives for the year ending December 31, 2019.
- Statement No. 84, *Fiduciary Activities*, which will be effective for the year ending December 31, 2019.
- Statement No. 87, *Leases,* which will be effective for the year ending December 31, 2020.
- Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, which will be effective for the year ending December 31, 2019.
- Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, which will be effective for the year ending December 31, 2020.
- Statement No. 90, *Majority Equity Interests-an Amendment of GASB Statements No. 14 and 61,* which will be effective for the year ending December 31, 2019.

Events Occurring After Reporting Date – Subsequent events were evaluated through April 24, 2019, 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, 2018, $1,770,111 was fully covered by FDIC or collateralized by securities. Petty cash in the amount of $11 was not covered by the FDIC or collateralized by securities. At December 31, 2017, $1,937,973 was fully covered by the FDIC or collateralized by securities.

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/or State agencies(s). The IDA believes disallowances, if any, will be immaterial.

NOTE 5 LOANS AND CAPITAL LEASE 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.

NOTE 5 LOANS AND CAPITAL LEASE RECEIVABLE (Cont'd.)

The activity for the year ended December 31, 2018 for HUD, Micro and GOSC loans was as follows.

Borrower	01/01/2018 Principal	Advances	Write Offs/ Repayments	12/31/2018 Principal
Franklin Eyewear	$ -	$ 52,600	$ (46,600)	$ 6,000
Ate O Ate	50,307	-	(7,367)	42,940
Andes Hotel	94,503	-	(8,524)	85,979
West Brach Collision	7,782	-	(5,430)	2,352
Cardio Club	18,367	-	(4,393)	13,974
Ty's Taco RIA	-	50,000	(50,000)	-
Eklund Processing, Inc.	90,046	-	(9,183)	80,863
Franklin Family Nurse Practitioner Svcs.	112,159	-	(10,582)	101,577
Empower Fitness	-	32,000	(3,413)	28,587
Roxbury Mountain Maple	64,973	-	(6,278)	58,695
Penguin Café	59,518	16,606	(5,770)	70,354
Polar Bear Ice Cream	95,814	-	(3,503)	92,311
Skyland Supply and Rental	13,676	-	(7,669)	6,007
Susan Decker	39,994	-	(6,436)	33,558
The Hitching Post	43,141	-	(4,100)	39,041
The Market Basket	7,769	280	(8,049)	-
Masserson Properties	152,000	-	(152,000)	-
O'Neills Shire Pub	-	50,000	(340)	49,660
Cosmik, LLC	38,184	-	(7,448)	30,736
	$ 888,233	$ 201,486	$ (347,085)	742,634
Less: Current portion				(121,775)
Long term receivable – HUD, Micro, and GOSC				$ 620,859

NOTE 5 LOANS AND CAPITAL LEASE RECEIVABLE (Cont'd.)

Loans Receivable – IDA, ED and Millennium

Borrower	01/01/2018 Principal	Advances	Write Offs/ Repayments	12/31/2018 Principal
Integrated Wood	$ 147,737	$ -	$ (27,745)	$ 119,992
Rock Valley Spirits	89,564	-	(8,728)	80,836
Alpine Roofing	88,142	-	(8,784)	79,358
Worlds End Bait & Tackle	1,287	-	(850)	437
Catskill Food	-	80,000	-	80,000
Decker Advertising	102,300	-	(14,217)	88,083
Eklund Family Farm Machinery	93,306	-	(9,516)	83,790
Roxbury Mountain Maple	292,000	9,158	(299,682)	1,476
RPDN Enterprises	37,627	-	(37,627)	-
Shady Lady Enterprises	83,907	-	(3,761)	80,146
Sportsfield Specialties	105,022	-	(35,571)	69,451
Mr. Mechanical	-	10,000	(1,361)	8,639
Delaware River Basin Stone	250,000	-	-	250,000
21476 St. Hwy. 23, LLC	115,000	-	-	115,000
724 Main St. Corp.	49,452	-	(1,689)	47,763
Always Auto Hauling	9,739	-	(2,939)	6,800
Catskill Dance Moves	9,237	-	(1,725)	7,512
Kimchee Harvest	9,478	-	-	9,478
Muddy River Hops	9,382	-	(1,660)	7,722
Elena's Michael Catering	-	10,000	(302)	9,698
Bovina Valley	-	24,696	(24,696)	-
Mac's Brew Tavern	-	60,000	-	60,000
Catskill Regional Harvest	-	20,333	(451)	19,882
Courier Printing	-	119,600	(4,914)	114,686
	$ 1,493,180	$ 333,787	$ (486,218)	1,340,749
Less: Current portion				(483,169)
Long-term receivable – IDA, ED and Millennium				$ 857,580

Capital Lease Receivable

K-Tooling	$ 265,374	$ -	$ (10,485)	$ 254,889
Less: Current portion				(15,063)
Long-term receivable - Capital Lease				$ 239,826

NOTE 5 LOANS AND CAPITAL LEASE RECEIVABLE (Cont'd.)

Short Term Borrowings

Borrower	01/01/2018 Principal	Advances	Write Offs/ Repayments	12/31/2018 Principal
Friesland Campina	$ -	$ 88,500	$ -	$ 88,500
Saputo Dairy	-	88,501	-	88,501
	$ -	$ 177,001	$ -	$ 177,001

As of December 31, loans receivable can be summarized as follows:

	2018	2017
Short term borrowings	$ 177,001	$ -
Capital lease	254,889	265,374
HUD, Micro and GOSC loans	742,634	888,233
Other loans	1,340,749	1,493,180
Subtotal	2,515,273	2,646,787
Less: Current portion	(797,008)	(720,725)
Subtotal	1,718,265	1,926,062
Less: Allowance	(26,753)	(42,429)
Long-term portion	$ 1,691,512	$ 1,883,633

NOTE 6 CAPITAL ASSETS, NET

Capital assets as of December 31, 2018 and 2017 were comprised of the following:

2018	Accumulated Cost	Book Depreciation	Book Value
Depreciable – Buildings	$ 769,576	$ 159,848	$ 609,728
Non-Depreciable:			
Land	904,040	-	904,040
Amphenol project	1,076,944	-	1,076,944
Total non-depreciable	1,980,984	-	1,980,984
Capital assets, net	$ 2,750,560	$ 159,848	$ 2,590,712

NOTE 6 CAPITAL ASSETS, NET (Cont'd.)

2017	Accumulated Cost	Book Depreciation	Book Value
Depreciable – Buildings	$ 769,576	$ 137,849	$ 631,727
Non-Depreciable:			
Land	216,366	-	216,366
Amphenol project	1,076,944	-	1,076,944
Total non-depreciable	1,293,310	-	1,293,310
Capital assets, net	$ 2,062,886	$ 137,849	$ 1,925,037

Depreciation at December 31, 2018 and 2017 amounted to $22,000, respectively.

Between 2015 and 2018, the IDA purchased seven (7) properties located in the Villages of Sidney, Andes and Walton, 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 for location of businesses. Three of the five properties were subsequently sold to facilitate the expansion of neighboring businesses.

From 2014 through 2016, the IDA purchased six properties for a stream bank restoration project with a total cost of $55,381. 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 was subsequently sold in 2017 for no gain or loss.

During 2012, the IDA purchased three separate properties for the Amphenol project with a total cost of $1,076,944. 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 no improvements to the property in 2018 or 2017. The IDA made improvements to this property totaling $8,955 during the year ended December 31, 2016. 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

The IDA currently holds 3 lease agreements for the former AJS facility. Total rental income received under the current and prior lease agreements amounted to $43,900 and $35,701 for the years ending December 31, 2018 and 2017, respectively. Future minimum lease payments to be received as of December 31 are as follows:

2019	$ 56,612
2020	35,806
2021	7,000
Total	$ 99,418

In 2018, the IDA entered into a short-term lease agreement for property located at 120 Industrial Park Road in Walton, New York. The terms of the lease agreement requires a one-time payment of $1 and expires on May 31, 2019 at which time the lessee has agreed to purchase the property.

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, 2018 and 2017.

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, 2018 and 2017 were $51,410 and $83,314, 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 various projects. At December 31, 2018 and 2017, there are no advances 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, 2018 and 2017, the IDA has restricted net position of $2,539,930 and $2,687,672, respectively, which represents restricted cash available for relending and the net loans receivable balance as of year-end.

C. 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 also the 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, 2018 and 201 the IDA paid the insurance company $1,445 and $1,395, respectively, for insurance coverage. Insurance paid was reasonable for the 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 audited financial statements for the LDC.

Dependent upon need, the IDA transfers funding to the LDC for administration and support services. For the years ending December 31, 2018 and 2017, the IDA transferred $15,000 and $15,889, respectively, to the LDC.

NOTE 13 POLICY CHANGE FOR COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM INCOME GUIDELINES

During the current year, the Community Development Block Grant (CDBG) program announced a change in policy regarding the retention of CDBG program's income. Program income includes principal and interest on loans made using the CDBG grant funds. The IDA may use any program income in their possession (received prior to March 31, 2019) for CDBG eligible programs if the funds are committed by March 31, 2019. Any program income in the IDA's possession that has not been committed in writing for eligible CDBG activities and approved by the NYS Office of Community Renewal by March 31, 2019 must be returned no later than April 30, 2019.

In an effort to keep the funds within Delaware County, the IDA granted $47,515 of funds in 2018. The remaining $1,326,128 was appropriately committed to eligible projects as of December 31, 2018.

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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, 2018

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%	$ 2,000,000	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%	$ 2,515,490	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, 2018

Project Owner Project Owner Address	Purpose	Tax Exemptions Sales Tax Exemptions State	 Local	 Real Property County	 Local
Burton F. Clark, Inc. dba Clark Companies I 41155 State Road 10 Delhi, NY 13753	Construction	$ -	$ -	$ 26,615	$ 29,484
Masserson Properties 2258 County Route 41 Roxbury, NY 12474	Construction	-	-	1,111	924
Huff Ice Cream 3 Winkler Road Sidney, NY 13838	Construction	-	-	1,299	602
New England Wood Pellet LLC PO Box 532 Jaffrey, NH 03452	Construction	-	-	-	-
Chapel Hill Land Holdings 431 Chapel Hill Road Hancock, NY 13783	Construction	-	-	4,574	2,369
Delhi Rehabilitation & Nursing Center 41861 State Highway 10 Delhi, NY 13753	Construction	-	-	-	-
Hancock Compressor Station 1579 Hungry Hill Road Hancock, NY 13783	Construction	-	-	58,034	30,057
Total		$ -	$ -	$ 91,633	$ 63,436

See auditors' report

Tax	Mortgage	Total	Payment in Lieu of Taxes			
School	Recording	Exemptions	County	Local	School	Total
$ 67,772	$ -	$ 123,871	$ 14,464	$ 16,009	$ 34,002	$ 64,475
2,328	-	4,363	3,421	2,910	7,705	14,036
-	-	1,901	1,299	602	7,717	9,618
-	-	-	33,927	14,010	-	47,937
10,009	-	16,952	12,368	6,406	26,489	45,263
-	-	-	20,719	20,400	129,746	170,865
151,128	-	239,219	24,872	12,882	64,714	102,468
$ 231,237	$ -	$ 386,306	$ 111,070	$ 73,219	$ 270,373	$ 454,662

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, 2018

	# of FTE Employees at Project Locations Before Agency Status	Original Estimate of Jobs to be Created
Issuee:		
Delaware Valley Hospital, Inc	121	0
Deposit Wood Pellet, LLC	0	17
Project Owner:		
Burton F. Clark, Inc. dba Sports Edge, Inc.	8	40
Masseron Properties, Inc	3	2
Millennium Pipeline	0	2
Huff Ice Cream	30	20
Delhi Rehabilitation & Nursing	0	194
	162	275

See auditor's report.

Original Estimate of Jobs to be Retained	# of Current FTE Employees	# of FTE Jobs (Lost)/ Created During Fiscal Year	# of FTE Jobs Retained During Fiscal Year
121	151	0	121
17	14	0	14
8	113	20	8
3	15	1	3
2	0	0	0
30	85	0	30
194	168	168	168
375	546	189	344

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
County of 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 and the related statements of revenues, expenses and changes in net position, and statements of cash flows for the year ended December 31 2018, and the related notes to the financial statements, and have issued our report thereon dated April 24, 2019.

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 2018 – 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.

Mostert, Manzanero & Scott, LLP

Oneonta, New York
April 24, 2019

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

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended December 31, 2018

CURRENT YEAR FINDINGS

2018 – 1: Unrecorded Balance Sheet Items

Condition: Adjusting journal entries had to be made to adjust or record accounts receivable, loans 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.

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

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Year Ended December 31, 2018

CURRENT YEAR FINDINGS

2017 – 1: Unrecorded Balance Sheet Items

Condition: Adjusting journal entries had to be made to adjust or record accounts receivable, loans 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 respective 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.