

CAYUGA COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

FINANCIAL STATEMENTS
AND
REQUIRED SUPPLEMENTARY
INFORMATION

* * *

DECEMBER 31, 2022 AND 2021

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)	4
FINANCIAL STATEMENTS	
Statements of Net Position	8
Statements of Revenue and Expenses	9
Statements of Changes in Net Position	10
Statements of Cash Flows	11
Notes to Financial Statements	12
OTHER REPORTS AND SCHEDULES	
Independent Auditor’s 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>Governmental Auditing Standards</i>	16
Report on Compliance with Section 2925(3)(f) of the New York State Public Authorities Law	18
Schedule of Findings and Responses	19

Independent Auditor's Report

March 21, 2023

To the Board of Directors of
Cayuga County Industrial Development Agency

We have audited the financial statements of Cayuga County Industrial Development Agency, a component unit of Cayuga County, State of New York, as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise Cayuga County Industrial Development Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of Cayuga County Industrial Development Agency, a component unit of Cayuga County, State of New York, as of December 31, 2022 and 2021, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the ***Auditor's Responsibilities for the Audit of the Financial Statements*** section of our report. We are required to be independent of Cayuga County Industrial Development Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Prior Period Financial Statements

The financial statements as of December 31, 2021, were audited by Buffington & Hoatland CPAs, PLLC, who merged with Dannible & McKee, LLP as of November 1, 2022, and whose report dated March 15, 2022, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Cayuga County Industrial Development Agency's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cayuga County Industrial Development Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with U.S. GAAS, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Cayuga County Industrial Development Agency's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cayuga County Industrial Development Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 6 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2023, on our consideration of Cayuga County Industrial Development Agency'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 solely 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 the effectiveness of 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 Cayuga County Industrial Development Agency's internal control over financial reporting and compliance.

CCIDA

Dannible & McKee, LLP

Dannible & McKee, LLP
Auburn, New York

CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Management's Discussion and Analysis (Unaudited)

March 21, 2023

This section of the Cayuga County Industrial Development Agency's annual financial report presents management's discussion and analysis of Cayuga County Industrial Development Agency's financial performance during the year ended December 31, 2022. It should be read in conjunction with Cayuga County Industrial Development Agency's financial statements and accompanying notes.

Basic Financial Statements

The annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the basic financial statements. Cayuga County Industrial Development Agency is a self-supporting entity and the accounts are recorded in accordance with a proprietary fund type. Proprietary fund type operating statements present increases and decreases in net assets. The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

Required Financial Statements

The financial statements of Cayuga County Industrial Development Agency's report information using accounting methods similar to those used by private sector companies. These statements offer short-term financial information about its activities. The Statements of Net Position include all of Cayuga County Industrial Development Agency's assets and liabilities with the difference reported as net position. It provides the basis for assessing the liquidity and financial flexibility of Cayuga County Industrial Development Agency. All of the current year's revenues and expenses are accounted for in the Statements of Revenues and Expenses. This statement measures the financial success of Cayuga County Industrial Development Agency's operations over the past year and can be used to determine whether Cayuga County Industrial Development Agency has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The third required statement is the Statements of Cash Flows. The primary purpose of this statement is to provide information about the Cayuga County Industrial Development Agency's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and changes in cash resulting from operating, investing, and financing activities and provide answers to such questions as where the cash came from, what was cash used for, and what was the change in the cash balance during the period.

Condensed Comparative Financial Information

The following table contains selected financial information for the past two years.

<u>Category</u>	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Assets		
Cash and investments	\$ 816,497	\$ 751,485
Capital assets	<u>1,048,186</u>	<u>883,629</u>
Total assets	<u>\$ 1,864,683</u>	<u>\$ 1,635,114</u>
Liabilities		
Current liabilities	<u>\$ 68,071</u>	<u>\$ 26,652</u>
Total liabilities	<u>\$ 68,071</u>	<u>\$ 26,652</u>
<u>Years Ended December 31,</u>		
<u>Category</u>	<u>2022</u>	<u>2021</u>
Revenue		
Administrative fees	\$ 168,351	\$ 98,006
Land option fees	97,788	-
Interest	1,004	1,582
Rental and other	<u>4,573</u>	<u>4,088</u>
Total revenues	<u>\$ 271,716</u>	<u>\$ 103,676</u>
Expenses		
Contract services	\$ 46,289	\$ 31,636
Professional fees	29,136	10,717
Property taxes	2,743	2,527
General and administrative	<u>5,398</u>	<u>3,106</u>
Total expenses	<u>\$ 83,566</u>	<u>\$ 47,986</u>
Increase in net position	<u>\$ 188,150</u>	<u>\$ 55,690</u>

Change in financial categories between 2022 and 2021 include the following:

- Total change in net position increased \$132,460 or 237.85%.
- Cash and investments increased \$65,012 or 8.65%, resulting from increased projects and land development options.
- Current liabilities, other than payment in lieu of taxes (“PILOT”) payments, increased \$41,419 or 155.41%.
- Operating revenues increased \$168,133 or 171.55%, resulting from more projects and land development agreements.

- Operating expenses increased \$35,580 or 74.15%.

Financial Analysis of the Agency

Cayuga County Industrial Development Agency is engaged in activities to support economic growth in Cayuga County, State of New York, including job creation and retention, and increasing the net wealth of the County. Cayuga County Industrial Development Agency does not receive any general appropriations from local, county or state government to support its operations. Cayuga County Industrial Development Agency collects revenue for its operating purposes from the issuance of PILOTS, administrative fees and land option fees. In the year ended December 31, 2022, Cayuga County Industrial Development Agency received in administrative and land option fees income from these sources \$266,139, an increase of \$168,133 from the prior year. In the year ended December 31, 2021, Cayuga County Industrial Development Agency received income from these sources of \$98,006. The increase is due to more projects and land development options. For qualified transactions, Cayuga County Industrial Development Agency enters into PILOT agreements in which Cayuga County Industrial Development Agency collects payments that are disbursed to the appropriate tax jurisdictions. PILOT payments equaled \$434,656 in the year ended December 31, 2022, and \$505,222 for the year ended December 31, 2021. The decrease is related to a decrease in property tax rates and reduced number of active PILOTS.

Capital Asset and Debt Administration

Capital Assets: As of December 31, 2022, Cayuga County Industrial Development Agency's investment in capital assets was \$1,048,186 (net of depreciation). The principal capital assets of Cayuga County Industrial Development Agency is land, building and construction in progress for future development. This is exclusive of property leases.

Economic Factors

Cayuga County Industrial Development Agency's basic purpose is to assist growth and expansion in Cayuga County, State of New York. Similar to 2021 and 2020, Cayuga County continued to experience impacts from the COVID-19 global pandemic in 2022. This included supply chain disruptions, workforce labor shortages, high inflation, and numerous economic projects experienced delays. Despite this, 2022 experienced positive growth as COVID-19 regulations were lifted. In 2022, the Agency approved 1 new PILOT incentive related to an oncology and radiation center, 1 sales and use tax exemption to the same oncology and radiation center, and 2 land development agreements with a milk processing plant. At the present time, the Agency has 4 potential PILOT agreement applications.

Contacting the Agency's Financial Management

This financial report is designed to provide Cayuga County's citizens and taxpayers, and the clients of Cayuga County Industrial Development Agency, with a general overview of the Cayuga County Industrial Development Agency's finances. If you have questions about this report or need additional financial information, contact the Cayuga County Industrial Development Agency.

Respectfully yours,

A handwritten signature in black ink that reads "Michael Miller". The signature is written in a cursive style with a large, stylized 'M' and 'M'.

Michael Miller
Executive Director

CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF NET POSITION

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 816,497	\$ 702,062
PILOT payment receivable (Note 2)	<u>-</u>	<u>-</u>
Total current assets	<u>816,497</u>	<u>702,062</u>
Capital assets (Note 2 and 3):		
Land and building	542,790	542,790
Construction in progress	<u>505,396</u>	<u>340,839</u>
Total capital assets	<u>1,048,186</u>	<u>883,629</u>
Investments (Note 4)	<u>-</u>	<u>49,423</u>
	<u>\$ 1,864,683</u>	<u>\$ 1,635,114</u>
<u>Liabilities and Net Position</u>		
Current liabilities:		
PILOT payments payable (Note 2)	\$ -	\$ -
Accounts payable	58,071	16,652
Grant payable (Note 6)	<u>10,000</u>	<u>10,000</u>
Total current liabilities	<u>68,071</u>	<u>26,652</u>
Net position (Note 2):		
Invested in capital assets	1,048,186	883,629
Unrestricted	<u>748,426</u>	<u>724,833</u>
Total net position	<u>1,796,612</u>	<u>1,608,462</u>
	<u>\$ 1,864,683</u>	<u>\$ 1,635,114</u>

See accompanying notes to the financial statements.

CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF REVENUE AND EXPENSES

	<u>Years Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
Operating revenue:		
Administrative fee income (Note 2)	\$ 168,351	\$ 98,006
Land option fee income (Note 2 and 7)	<u>97,788</u>	<u>-</u>
Total operating revenue	<u>266,139</u>	<u>98,006</u>
Operating expenses:		
Dues and subscriptions	300	275
Office supplies	517	552
Professional fees	29,136	10,717
Contract services	46,289	31,636
Property taxes	2,743	2,527
Conferences, seminars, and trade shows	1,421	428
Industrial park expenses	<u>3,160</u>	<u>1,851</u>
Total operating expenses	<u>83,566</u>	<u>47,986</u>
Operating income	<u>182,573</u>	<u>50,020</u>
Non-operating income:		
Interest income	1,004	1,582
Land rent	3,860	3,860
Gas well royalty	<u>713</u>	<u>228</u>
Total non-operating income	<u>5,577</u>	<u>5,670</u>
Change in net position	<u>\$ 188,150</u>	<u>\$ 55,690</u>

See accompanying notes to the financial statements.

CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF CHANGES IN NET POSITION

	Invested in Capital Assets	<u>Unrestricted</u>	Total Net Position
Net position - ending December 31, 2020	\$ 647,328	\$ 905,444	\$ 1,552,772
Changes in net position	<u>236,301</u>	<u>(180,611)</u>	<u>55,690</u>
Net position - ending December 31, 2021	883,629	724,833	1,608,462
Changes in net position	<u>164,557</u>	<u>23,593</u>	<u>188,150</u>
Net position - ending December 31, 2022	<u>\$ 1,048,186</u>	<u>\$ 748,426</u>	<u>\$ 1,796,612</u>

See accompanying notes to financial statements.

CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF CASH FLOWS

	<u>Years Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Increase (decrease) in cash and cash equivalents</u>		
Cash flows from operating activities:		
Cash received for PILOT program	\$ 434,656	\$ 505,222
Cash payments for PILOT program	(434,656)	(505,222)
Cash paid for professional fees	(29,136)	(10,717)
Cash received for administrative fees	168,351	98,006
Cash received from land option fees	97,788	-
Cash received from gas well royalty	713	228
Cash received from land rent	3,860	3,860
Cash received from interest income	1,004	1,582
Cash paid for other operating expenses	<u>(13,011)</u>	<u>(36,062)</u>
Net cash provided by operating activities	<u>229,569</u>	<u>56,897</u>
Cash flows from investing activities:		
Capitalized land costs	(164,557)	(236,301)
Purchase of investments	(96)	(443)
Sale of investments	<u>49,519</u>	<u>-</u>
Net cash used in investing activities	<u>(115,134)</u>	<u>(236,744)</u>
Net increase (decrease) in cash and cash equivalents	114,435	(179,847)
Cash and cash equivalents - Beginning (Note 2)	<u>702,062</u>	<u>881,909</u>
Cash and cash equivalents - Ending (Note 2)	<u>\$ 816,497</u>	<u>\$ 702,062</u>

	<u>Years Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
<u>Reconciliation of change in net position to net cash provided by operating activities:</u>		
Changes in net position	\$ 188,150	\$ 55,690
Adjustments to reconcile change in net position to net cash provided by (used in) operating activities:		
Increase (decrease) in liabilities:		
Accounts payable	<u>41,419</u>	<u>1,207</u>
Net cash provided by operating activities	<u>\$ 229,569</u>	<u>\$ 56,897</u>

See accompanying notes to financial statements.

CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

Note 1 - Nature of operations

The Cayuga County Industrial Development Agency (the “Agency”) was created by the New York State Legislature in 1969 as Title 15 of Article 8 of the Public Authorities Law (“Article 8”). The Agency was formed to advance the job opportunities, general prosperity, sustainability and economic welfare of the people of Cayuga County, State of New York, through the use of economic development incentives for qualified projects within the County. The Agency created under Article 8 is a corporate governmental Agency constituting a public benefit corporation. The Agency is considered a component unit of Cayuga County.

Note 2 - Summary of significant accounting policies

Basis of accounting: - The Agency's financial statements are prepared under the accrual basis of accounting in conformity with accounting principles generally accepted in the United States as set forth by the Governmental Accounting Standards Board (“GASB”) for proprietary funds. Under this method, revenue is recognized when performance obligations have been met and expenses are recognized when incurred, regardless of when the related cash transaction takes place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Basis of presentation - GASB requires the classification of Net Position into three classifications as defined below.

Net invested in capital assets

This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes or borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted net position

This component of net position consists of amounts which have external constraints placed on their use imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. As of December 31, 2022 and 2021, the Agency has no restricted net positions.

Unrestricted net position

This component of net positions consists of funds that do not meet the definition of “invested in capital assets, net of related debt,” or “restricted.”

Revenue recognition - The Agency charges an administrative service fee for each project based upon the type of tax incentive. The revenue is recognized when the Agency meets the

performance obligation of the contract. Application fees to submit an application are non-refundable and recognized upon submission of the application. Grant income is recorded as revenue when the conditions of the grant have been met. Administrative services fees are intended to be used for operating expenses and to fund continuing operations. Incidental items that are immaterial in the context of a contract are expensed. The Agency occasionally enters into contracts and options to sell land. Revenue is recognized on these contracts when performance obligations under the contracts are met.

Operating and non-operating revenue - The Agency's revenue consists of operating and non-operating revenue. Operating revenue is revenue collected from tax incentive agreements, grants and income from administrative functions. Non-operating revenue is interest income, rental and other investment income.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

PILOT payment receivable and PILOT payment payable - PILOT payment receivables represent the outstanding balance on total PILOT payments due from participating Organizations. PILOT payment payables represent the unremitted amounts due to tax jurisdictions based on the specific contracts. The difference between PILOT payment receivables and PILOT payment payables represents cash collected by the Authority, not yet paid to the tax jurisdictions by year-end. Unpaid balances remaining after the stated payment terms are considered past due. Invoices unpaid beyond thirty (30) days are subject to a 5 percent late payment penalty, and a 1 percent interest charge per month thereafter, payable by the Agency or the participating Organization. The party responsible for the fee is determined based on the circumstances surrounding the late payment.

Capital assets - All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Capital assets are carried at cost, or if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method over the estimated useful lives of the respective classes of property.

Depreciation expense was \$-0- for each of the years ended December 31, 2022 and 2021.

Supplemental disclosures - statements of cash flow - The Agency considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Non-cash transactions - The Agency does not collect on its capital lease arrangements as explained in Note 5. The increase and decrease in investments in property leases and bonds payable paid by the entity directly to the related financial institution are the non-cash items.

Conduit debt obligations - The term, *conduit debt obligations*, refers to debt instruments issued by the Agency for the express purpose of providing capital financing for a specific third party that is not a part of the Agency's financial reporting entity. Although conduit debt obligations bear

the name of the Agency, the Agency has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued.

Concentration of credit risk - The Agency maintains its cash balances in one financial institution located in Auburn, New York. The Federal Deposit Insurance Corporation ("FDIC") insures accounts up to \$250,000 at the institution for the years ended December 31, 2022 and 2021. The amounts over the FDIC limit are secured by United States Treasury Bills.

Tax-exempt status - The Agency has been organized under the Public Authorities Law by the New York State Legislature. Under Code Section 2326, Article 8, Title 15 of this law, the Agency is exempt from income taxes and immune from other taxes. Therefore, no provision is made for taxes on income.

PILOT - A significant inducement in the Agency projects is exemption from real property, sales and mortgage taxes. By law, all property titled to the Agency is exempt from these taxes. In practice, however, PILOT are often negotiated with the applicant. PILOT may represent full or partial remuneration to one or more of the real property tax jurisdictions involved.

The Agency is responsible for tracking all PILOT payments whether made by the Agency in connection with property it owns or made directly to the taxing authorities by the organizations participating in the program. A total of nine organizations participated in the PILOT program and \$434,656 and \$505,222 in payments were administrated by the Agency for the years ended December 31, 2022 and 2021, respectively.

Subsequent events - Management has evaluated subsequent events through March 21, 2023, the date on which the financial statements were available to be issued.

Note 3 - Capital assets

Capital asset additions, retirements, and balances consist of the following for the years ended December 31:

	<u>2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>2022</u>
Capital assets not being depreciated:				
Land and building	\$ 542,790	\$ -	\$ -	\$ 542,790
Construction in progress	<u>340,839</u>	<u>164,557</u>	<u>-</u>	<u>505,396</u>
Totals at cost	<u>\$ 883,629</u>	<u>\$ 164,557</u>	<u>\$ -</u>	<u>\$ 1,048,186</u>

Note 4 - Investments

Investments are stated at fair value. The cost and market values consist of the following as of December 31:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Certificate of deposit - two year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,423</u>	<u>\$ 49,423</u>

Investment income is summarized as follows as of December 31:

	<u>2022</u>	<u>2021</u>
Interest	<u>\$ 1,004</u>	<u>\$ 1,582</u>
Net investment income	<u>\$ 1,004</u>	<u>\$ 1,582</u>

Note 5 - Grants payable

In 2016, the Agency acted as a passthrough for surrounding towns and cities to disburse grants to various organizations. There is one grant left to be disbursed once delinquent paperwork has been received. The remaining organization has been notified of the delinquent paperwork and is in the process of submitting it. Grants payable for each of the years ended December 31, 2022 and 2021 was \$10,000.

Note 6 - Land option fee income

During the year ended December 31, 2022, the Agency entered into two land development agreements with license and exclusive option contracts related to land owned by the Agency. Under these agreements, the other party (the “Business”) paid a fee for the rights to purchase a designated parcel of land within a one year period. The Business shall have the right to request 2 six-month extension terms. Should the Business exercise its option to purchase, the initial payment and any subsequent payments will be credited towards the purchase price of the property upon closing.

The first agreements required a fee of \$25,788 for the development rights and option to purchase land and \$232,088 for the future purchase of the land. Upon closing, the Business shall enter into a PILOT agreement, subject to the Agency’s adoption of the project authorizing resolution, and pay \$168,089 as an administrative fee, payable over the terms of the respective contract.

The second agreement required a fee of \$72,000 for the development rights and option to purchase land and \$648,000 for the future purchase of the land. Upon closing, the Business shall enter into a PILOT agreement, subject to the Agency’s adoption of the project authorizing resolution and pay \$440,000 as an administrative fee, payable of the terms of the respective contract.

For the year ended December 31, 2022, the Agency recognized \$97,788 for option fee income related to these agreements in the accompanying statements of activities.

Note 7 - Commitments and contingencies

The Agency is exposed to various risks of loss such as torts, theft, damage, injuries, errors, omissions and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Any settled claims from these risks have not exceeded commercial insurance coverage for the past four years. In management’s opinion, there are no material contingencies required to be accrued or disclosed.

Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Governmental Auditing Standards*

March 21, 2023

To the Board of Directors of
Cayuga County Industrial Development Agency

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 Cayuga County Industrial Development Agency, a component unit of Cayuga County, State of New York, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Cayuga County Industrial Development Agency's basic financial statements, and have issued our report thereon dated March 21, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cayuga County Industrial Development Agency's internal control over financial reporting (internal control) as a basis for designing 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 Cayuga County Industrial Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Cayuga County Industrial Development Agency's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2022-001 and 2022-002 to be material weaknesses.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies. However, significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cayuga County Industrial Development Agency'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 financial statements. 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*.

Cayuga County Industrial Development Agency's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Cayuga County Industrial Development Agency's response to the findings identified in our engagement and described in the accompanying schedule of findings and responses. Cayuga County Industrial Development Agency's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dannible & McKee, LLP

Dannible & McKee, LLP
Auburn, New York

Report on Compliance with Section 2925(3)(f)
of the New York State Public Authorities Law

Independent Auditor's Report

March 21, 2023

To the Board of Directors of
Cayuga County Industrial Development Agency

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Cayuga County Industrial Development Agency (Agency), a component unit of Cayuga County, State of New York, which comprise the statements of net position as of December 31, 2022, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated March 21, 2023.

In connection with our audit, nothing came to our attention that caused us to believe that the Agency failed to comply with §2925(3)(f) of the New York State Public Authorities Law regarding investment guidelines during the year ended December 31, 2022. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Agency's noncompliance with the above rules and regulations.

The purpose of this report is solely to describe the scope and results of our testing. This communication is not suitable for any other purpose.

Dannible & McKee, LLP

Dannible & McKee, LLP
Auburn, New York

CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF FINDINGS AND RESPONSES

I. SUMMARY OF AUDIT RESULTS

1. The independent auditor's report expresses an unmodified opinion on the financial statements of *Cayuga County Industrial Development Agency*.
2. Two material weaknesses relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*.
3. There were no instances of noncompliance material to the financial statements of *Cayuga County Industrial Development Agency* reported in the Independent Auditor's 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*.

II. FINANCIAL STATEMENT AUDIT – FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

Year ended December 31, 2022

- 2022-001** *Condition and criteria:* During our subsequent disbursement testing, we discovered material expenses not being recorded as payables at year-end.

Effect: The effect is that the Agency understated expenses and payables and the error was not detected by management.

Auditor's Recommendations: We believe it is important that proper internal control procedures be established and followed for the recording and processing of all expenses.

Agency's Response: The Agency has an administrative contract with Cayuga Economic Development Agency ("CEDA") which experienced significant staff turnover in calendar year 2022. A result of this was the lack of properly trained personnel for accounting procedures. The Agency is developing specific internal control procedures to ensure accurate entry of expenses are entered into the accounting system.

- 2022-002** *Condition and criteria:* During our accounts receivable testing, we discovered multiple receivables duplicitously recorded.

Effect: The effect is that the Agency overstated revenue and receivables and the error was not detected by management.

Auditor's Recommendations: We believe it is important that proper internal control procedures be established and followed for the recording and processing of all receivables and collections.

Agency's Response: The Agency has an administrative contract with Cayuga Economic Development Agency ("CEDA") which experienced significant staff turnover in calendar year 2022. A result of this was the lack of properly trained personnel for accounting procedures. The Agency is developing specific internal control procedures to ensure accurate entry of receivables are entered into the accounting system.