

**SCHUYLER COUNTY
INDUSTRIAL DEVELOPMENT AGENCY**

Watkins Glen, New York

FINANCIAL REPORT

December 31, 2014

SCHUYLER COUNTY INDUSTRIAL DEVELOPMENT AGENCY

DECEMBER 31, 2014

Independent Auditor's Report	1-2
Required Supplementary Information:	
Management's Discussion and Analysis	3-3b
Basic Financial Statements:	
Statement of Net Position	4
Statement of Revenues, Expenses, and Changes in Net Position	5
Statement of Cash Flows	6
Notes to Financial Statements	7-10
Supplementary Information:	
Schedule of Indebtedness	11
Schedule of Projects	12
Report Required Under Government Auditing Standards:	
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>Government Auditing Standards</i>	13-14

John H. Dietershagen, C.P.A.
Jerry E. Mickelson, C.P.A.
Thomas K. Van Derzee, C.P.A.
Debbie Conley Jordan, C.P.A.
Patrick S. Jordan, C.P.A.
Duane R. Shoen, C.P.A.
Lesley L. Horner, C.P.A.
D. Leslie Spurgin, C.P.A.



**Ciaschi • Dietershagen • Little • Mickelson
& Company, LLP**

Certified Public Accountants and Consultants

Frederick J. Ciaschi, C.P.A.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Schuyler County Industrial Development Agency
Watkins Glen, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Schuyler County Industrial Development Agency (the Agency), a component unit of the County of Schuyler, New York, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Agency'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 Agency'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 Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

CORTLAND

39 Church Street
Cortland, New York 13045
607-753-7439
fax 607-753-7874

ITHACA

401 East State Street ~ Suite 500
Ithaca, New York 14850
607-272-4444
fax 607-273-8372
www.cdlim.com

WATKINS GLEN

2 North Franklin Street, Suite 330
Watkins Glen, New York 14891
607-535-4443
fax 607-535-6220

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Schuyler County Industrial Development Agency as of December 31, 2014, and the respective changes in financial position and cash flows thereof for the year 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's Discussion and Analysis on pages 3 through 3b 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 consider 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The Schedules of Indebtedness and Projects are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedules of Indebtedness and Projects are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules of Indebtedness and Projects are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2015, on our consideration of the 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 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 Agency's internal control over financial reporting and compliance.



March 24, 2015
Ithaca, New York

SCHUYLER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014

The Schuyler County Industrial Development Agency (the Agency), a component unit of Schuyler County, State of New York, was created in 1971 to encourage economic growth in Schuyler County.

Mission: The Schuyler County Industrial Development Agency was created to promote the prosperity of its residents through the creation of jobs (new or retained), recreational, and economic opportunities in Schuyler County. The Agency will achieve these goals through the use of various tax incentives provided by the Agency, which shall be proportional to jobs, economic activity projected, or opportunities provided to the citizens (stakeholders) of Schuyler County.

The following Management's Discussion and Analysis (MD&A) provides a comprehensive overview of the Agency's financial position as of December 31, 2014, and the result of its operations for the year then ended. Management has prepared the financial statements and related footnote disclosures along with this MD&A. The MD&A should be read in conjunction with the audited financial statements and related footnotes of the Agency, which directly follow the MD&A.

FINANCIAL HIGHLIGHTS

- During the year, the Agency sold commercial property with a selling price \$725,000. Additional proceeds of \$19,109, representing seller credits for property taxes (\$11,269), insurance (\$1,141), utility cost (\$699) and legal fees (\$6,000) were also received at closing.
- Total revenues exceeded total expenses by \$516,953 in 2014 compared to 2013, when expenses exceeded revenues by \$(47,870).
- Net position for the year ended December 31, 2014 amounted to \$1,407,630, reflecting an increase of \$516,953 from net position of \$890,677 at December 31, 2013.
- Total revenue of \$588,525 in 2014 increased from revenue of \$13,550 in 2013, due predominantly to the sale of commercial property and refund of grant and project fees.
- Total expenses of \$71,572 in 2014 increased from expenses of \$61,420 in 2013, primarily due to a property appraisal done in 2014.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The financial statements of the Schuyler County Industrial Development Agency have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

The basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, a Statement of Cash Flows, and accompanying notes. These statements provide information on the financial position and activity of the Agency and results of its operations during the year. A description of these statements follows:

The Statement of Net Position presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the Agency is improving or deteriorating.

SCHUYLER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing the change in the Agency's net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses reported in this statement include all items that will result in cash received or disbursed in future fiscal periods.

The Statement of Cash Flows provides information on the major sources and uses of cash during the year. The cash flow statement portrays net cash provided or used from operating, non-capital financing, capital financing, and investing activities.

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE

The Agency's total net position for the fiscal year ended December 31, 2014, increased by \$516,953. Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the Agency's activities. Certain accounts in the prior year column have been reclassified for comparative purposes to conform with the presentation in the current year column.

Figure 1

Condensed Statement of Net Position	Business-type Activities and Total Agency		Total Dollar Change
	2013	2014	2013 - 2014
<i>Current Assets:</i>			
<i>Cash - Unrestricted</i>	\$ 38,453	\$ 834,245	\$ 795,792
<i>Cash - Restricted</i>	191,304	231,416	40,112
<i>Revolving loans receivable within one year</i>	37,787	38,083	296
<i>Accounts receivable</i>	3,467	9,640	6,173
<i>Property held for sale</i>	275,000	-	(275,000)
<i>Noncurrent assets:</i>			
<i>Long-term certificates of deposit</i>	92,911	93,403	492
<i>Revolving loan receivable in more than one year</i>	254,061	216,570	(37,491)
Total Assets	892,983	1,423,357	530,374
<i>Current Liabilities:</i>			
<i>Accounts payable</i>	2,306	15,727	13,421
Total Current Liabilities	2,306	15,727	13,421
<i>Restricted for revolving loans</i>	484,313	488,482	4,169
<i>Unrestricted</i>	406,364	919,148	512,784
Total Net Position	\$ 890,677	\$ 1,407,630	\$ 516,953

The increases in restricted cash and revolving loans receivable are due to the repayment of loan principle in 2014. The increase in unrestricted cash and decrease in property held for sale are due to the sale of commercial property during 2014.

SCHUYLER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

Our analysis in *Figure 2* considers the operations of the Agency's activities.

Figure 2

Changes in Net Position	Business-type Activities and Total Agency		Total Dollar Change
	2013	2014	2013 - 2014
<i>Operating Revenues:</i>			
<i>Fee income</i>	\$ 2,246	\$ 70,281	\$ 68,035
<i>Interest on loans</i>	9,277	8,290	(987)
<i>Grant refund of prior period</i>	-0-	50,000	50,000
<i>Other income</i>	39	7,624	7,585
<i>Non-operating Revenues:</i>			
<i>Gain on sale of property</i>	-0-	450,000	450,000
<i>Interest and earnings</i>	1,988	2,330	342
Total Revenue	13,550	588,525	574,975
<i>Operating Expenses:</i>			
<i>Contractual expenses</i>	61,420	71,554	10,134
<i>Fee expenses</i>	-0-	18	18
Total Expenses	61,420	71,572	10,152
(DECREASE) INCREASE IN NET POSITION	\$ (47,870)	\$ 516,953	\$ 564,823

Total operating revenues of the Agency increased by \$124,633, because several more projects were completed during 2014 and a grant from a prior year was returned by the recipient. Also contributing to the increase was the reimbursement of prior year expenses relating to the sale of commercial property. The increase in non-operating revenues is due to sale of commercial property held for sale in 2014. Operating expenses in 2014 increased primarily due to increased legal fees associated with signing of new projects. The net result was an increase in net position.

FACTORS BEARING ON THE AGENCY'S FUTURE

The board of directors for the Schuyler County Partnership for Economic Development (SCOPED) has elected to focus its economic development resources on cluster-based economic development initiatives. This shift will allow for a more coherent, inclusive, yet targeted strategy to economic development initiatives. It is anticipated that, as a result of this shift in focus by SCOPED, there will be additional demand for IDA-related incentives.

The Agency has worked in recent months to improve its internal process related to managing project applications and implementation. These changes are a direct result of the recent Office of the State Comptroller audit. Consequently, there has been a significantly increased demand on SCOPED's resources as the administrative entity for the Agency. This increased demand on staff time is necessary for SCOPED to continue to properly manage the Agency's projects in a way that aligns with the new standards. This may require increasing the fee paid to SCOPED for administrative services.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Agency's clients, investors, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Schuyler County Industrial Development Agency, at 910 South Decatur Street, Watkins Glen, New York 14891.

SCHUYLER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF NET POSITION
DECEMBER 31, 2014

ASSETS

Current Assets:

Cash - Unrestricted	\$ 834,245	
Cash - Restricted	231,416	<u> </u>

Total Cash	1,065,661	
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Revolving loans receivable within one year	38,083	
Accounts receivable	9,640	<u> </u>

Total Current Assets	1,113,384	<u> </u>
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Noncurrent Assets:

Long-term certificates of deposit	93,403	
Revolving loans receivable in more than one year	216,570	<u> </u>

Total Noncurrent Assets	309,973	<u> </u>
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Total Assets	1,423,357	<u> </u>
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LIABILITIES

Current Liabilities:

Accounts Payable	15,727	<u> </u>
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Total Liabilities	15,727	<u> </u>
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NET POSITION

Restricted for revolving loans	488,482	
Unrestricted	919,148	<u> </u>

Total Net Position	\$ 1,407,630	<u> </u>
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See Independent Auditor's Report and Notes to Financial Statements

SCHUYLER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2014

Operating Revenues:	
Fee income	\$ 70,281
Interest income - Loans	8,290
Grant refund of prior period	50,000
Other revenue	<u>7,624</u>
Total Operating Revenues	<u>136,195</u>
Operating Expenses:	
Contractual expenses	71,554
Fee expenses	<u>18</u>
Total Operating Expenses	<u>71,572</u>
Operating Gain	<u>64,623</u>
Nonoperating Revenues:	
Gain on sale of property	450,000
Interest and earnings	<u>2,330</u>
Total Nonoperating Revenues	<u>452,330</u>
Increase in Net Position	516,953
Net Position, January 1, 2014	<u>890,677</u>
Net Position, December 31, 2014	<u>\$ <u>1,407,630</u></u>

See Independent Auditor's Report and Notes to Financial Statements

SCHUYLER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

Cash Flows from Operating Activities:	
Cash received from providing services	\$ 122,905
Cash payments - Contractual expenses	(58,133)
Cash received from revolving loan	36,022
Interest income received on revolving loan	8,290
Cash payments - Fee expense	<u>(18)</u>
Net Cash Provided by Operating Activities	<u>109,066</u>
Cash Flows from Noncapital Financing Activities	<u>-0-</u>
Cash Flows from Capital and Related Financing Activities	<u>-0-</u>
Cash Flows from Investing Activities:	
Sale of property	725,000
Sale of long-term certificates of deposit	92,911
Purchase of long-term certificates of deposit	(93,403)
Interest income received	<u>2,330</u>
Net Cash Provided by Investing Activities	<u>726,838</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	835,904
Cash and Cash Equivalents, January 1, 2014	<u>229,757</u>
Cash and Cash Equivalents, December 31, 2014	<u>\$ 1,065,661</u>
Reconciliation of net operating gain to net cash provided by operating activities:	
Operating Gain	\$ 64,623
Adjustments to reconcile net operating gain to net cash provided by operating activities:	
Decrease in loans receivable	37,195
(Increase) in accounts receivable	(6,173)
Increase in accounts payable	<u>13,421</u>
Net Cash Provided by Operating Activities	<u>\$ 109,066</u>

See Independent Auditor's Report and Notes to Financial Statements

SCHUYLER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Schuyler County Industrial Development Agency (the Agency) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Agency's accounting policies are described below.

A. Organization and Purpose

The Agency was created in 1971 by the Schuyler County Legislature under the provisions of Chapter 535 of the 1971 Laws of New York State for the purpose of encouraging economic growth in Schuyler County. The Agency is exempt from federal, state, and local income taxes. The Agency, although established by the Schuyler County Board of Representatives, is a separate entity and operates independently of the County. The Agency is considered a component unit of the County.

B. Basis of Accounting

The accounts of the Agency are maintained on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned. Material revenues accrued include administrative fees. Expenses are recorded when the liability is incurred.

C. Cash and Cash Equivalents

The Agency considers all highly liquid investments having an original maturity of three months or less to be cash equivalents.

D. Long-Term Certificates of Deposit

Long-term certificates of deposit consist of non-cancelable certificates of deposit with original maturity dates of three months or greater.

E. Equity Classifications

Statement of Net Position

- Net Position - Restricted
Consists of net position with constraints placed on its use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Net Position - Unrestricted
Consists of all other net position that does not meet the definition of "restricted."

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

SCHUYLER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

Note 2 - Industrial Revenue Bond and Note Transactions

Certain industrial development revenue bonds and notes issued by the Agency are secured by property leased to companies and retired by lease payments. The bonds and notes are not obligations of the Agency or the State. The Agency does not record the assets or liabilities resulting from completed bond and note issues in its accounts, as its primary function is to arrange financing between the borrowing companies and the bond and note holders; and funds arising therefrom are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and notes. At December 31, 2014, the outstanding value of bonds and notes issued aggregated \$883,037.

Note 3 - Payments in Lieu of Tax

During the time in which property is leased to a company, the property is exempt from taxes other than special and valorem levies and special assessments. However, the Agency entered into a Payment in Lieu of Tax (PILOT) agreement wherein the company is required to make annual payments to the County, local municipalities, and school districts.

In 2014, \$955,781 was received in PILOT payments compared to the \$1,420,421 which would have been received if businesses paid the full amount of property taxes; for total property tax abatements of \$464,640.

Note 4 - Deposits and Investments

State statutes govern the Agency's investment policies. In addition, the Agency has its own written investment policy. Agency monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The Treasurer 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.

Collateral is required for demand deposits and certificates of deposit at 105% of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

Total bank balances, including long-term certificates of deposit (see Note 6), of \$1,172,065 at December 31, 2014 were either insured or collateralized with securities held by the pledging financial institution in the entities' name. The carrying value of deposits at December 31, 2014 totaled \$1,159,064.

Note 5 - Accounts Receivable

Accounts receivable at year-end was comprised of the following:

<u>Due From</u>	<u>Amount</u>
SCOPED	\$ 725
REDEC	3,915
Administrative Fee	<u>5,000</u>
Total	<u>\$ 9,640</u>

No provision has been made for uncollectible receivables as the Agency believes all receivables to be fully collectible.

SCHUYLER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

Note 6 - Long-Term Certificates of Deposit

Long-term certificates of deposit consisted of the following at December 31, 2014:

	Cost	Fair Value	Excess of Fair Value Over Cost
Certificate of Deposit - 20 Months 1.00%	\$ 93,403	\$ 93,403	\$ -0-

Note 7 - Revolving Loan Receivable

The balances of the revolving loans receivable at December 31, 2014 consisted of the following:

	Amount
Finger Lakes Distilling, LLC. - issued in 2008, in the amount of \$75,000, will be repaid over a period of ten years with an interest rate of 3%, beginning June 1, 2009.	\$ 38,470
Schooner Excursions - issued in 2008, in the amount of \$125,000, will be repaid over a period of seven years with an interest rate of 3%, beginning May 1, 2009.	49,703
Montour House - issued in 2009, in the amount of \$245,000, will be repaid over a period of fifteen years with an interest rate of 3%, beginning June 1, 2009.	166,480
Total Revolving Loans Receivable	254,653
Less Current Portion	(38,083)
Long-term Portion	\$ 216,570

SCHUYLER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

Note 8 - Restricted Cash

The Agency issues revolving loans (see Note 7) in accordance with an agreement with the Department of Housing and Urban Development. Per this agreement, all principal and interest received as repayments on these loans are to be held separate from the activities of the Agency and used to award new loans. The amount of cash restricted per this agreement as of December 31, 2014 is as follows:

	Amount
Restricted for revolving loans at 12/31/13	\$ 191,304
Principal and interest payments received	44,312 *
Interest earned on restricted balance	42
Bank fees paid	(18)
Administrative fees paid	(4,224)**
Restricted for revolving loans at 12/31/14	\$ 231,416

* This amount excludes monies due from REDEC and SCOPED for loan payments received in the amount of \$4,640.

** This amount excludes monies due to REDEC for administration fees in the amount of \$2,227.

Note 9 - Sale of Property

During 2014, the Agency sold commercial property within the Village of Watkins Glen, which was purchased in 2013 at a cost of \$275,000. On March 13, 2013, a purchase and sale agreement was signed and, at December 31, 2013, a notice of disposition had been filed, providing a 90 day waiting period between approval of the sale by the Agency and closing on the re-sale of the building. On March 14, 2014 the Agency closed on the sale of the aforementioned property, with a purchase price of \$725,000. Additional proceeds of \$19,109, representing seller credits for property taxes (\$11,269), insurance (\$1,141), utility cost (\$699) and legal fees (\$6,000) were also received at closing. Of these seller credits, \$7,264 was to reimburse the Agency for expenses incurred in 2013 and is recognized in the financial statement as other revenue.

Note 10 - Accounts Payable

Accounts payable at year-end are as follows:

Payee	Amount
REDEC Fees Qtr 4 12/31/2012	\$ 1,249
REDEC Fees Qtr 4 12/31/2014	978
Thurstone, Casale & Ryan, LLC - Property appraisal	13,500
Total	\$ 15,727

Note 11 - Related Party

Schuyler County Partnership for Economic Development, Inc. (SCOPED, Inc.) is a not-for-profit corporation formed to promote and develop the expansion of businesses and industry within Schuyler County. SCOPED, Inc. provided administrative services to the Agency at a cost of \$20,000 and \$20,000 for the years ended December 31, 2014 and 2013, respectively.

SCHUYLER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
 SCHEDULE OF INDEBTEDNESS
DECEMBER 31, 2014

	<u>Month and Year</u>	<u>Current Interest Rate</u>	<u>Outstanding Beginning of Fiscal Year</u>	<u>Issued During Fiscal Year</u>	<u>Paid During Fiscal Year</u>	<u>Outstanding End of Fiscal Year</u>	<u>Final Maturity</u>
<u>Schuyler Hospital</u>	<u>1/2000</u>	<u>3.26%</u>	<u>\$ 1,042,973</u>	<u>\$ -0-</u>	<u>\$ 159,936</u>	<u>\$ 883,037</u>	<u>\$ 1/2020</u>
TOTAL			<u>\$ 1,042,973</u>	<u>\$ -0-</u>	<u>\$ 159,936</u>	<u>\$ 883,037</u>	

SCHUYLER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF PROJECTS
DECEMBER 31, 2014

<u>Project Name</u>	<u>Exemption Period</u>	<u>Purpose</u>	<u>Sales Tax Cap</u>	<u>Sales Tax Exemptions</u>	<u>Mortgage Tax Exemptions</u>	<u>Payments in Lieu of Taxes</u>	<u>Property Taxes if not Exempt</u>	<u>Total Exemptions</u>	<u>Base Year Jobs</u>	<u>Jobs Created 12/31/2014</u>
Cargill	1982-2022	Commercial	\$	\$	\$	\$ 228,294	\$ 267,174	\$ 38,880	\$ 91	\$ 110
Finger Lakes Rail Corp.	1995-2025	Railway				36,974	42,459	5,485		60
Schuyler Redevelopment	2003-2018	Construction				35,279	35,279	-0-	15	2
Seneca Market	2008-2028	Commercial				342,643	368,636	25,993		109
US Salt	2009-2024	Manufacturing				873	1,676	803	130	122
Montour Falls House	2009-2029	Real Estate				1,836	32,093	30,257		
Empire Pipeline	2010-2024	Construction				293,390	623,319	329,929		
208 Broadway LLC.	2011-2016	Construction				8,262	8,416	154		
Waterworks Center	2012-2027	Real Estate	<u>150,000</u>	<u>62,508</u>		<u>8,230</u>	<u>41,369</u>	<u>95,647</u>	<u>16</u>	<u>7</u>
			<u>\$ 150,000</u>	<u>\$ 62,508</u>	<u>\$ -0-</u>	<u>\$ 955,781</u>	<u>\$ 1,420,421</u>	<u>\$ 527,148</u>	<u>\$ 252</u>	<u>\$ 410</u>

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Thomas K. Van Derzee, C.P.A.
Debbie Conley Jordan, C.P.A.
Patrick S. Jordan, C.P.A.
Duane R. Shoen, C.P.A.
Lesley L. Horner, C.P.A.
D. Leslie Spurgin, C.P.A.



**Ciaschi • Dietershagen • Little • Mickelson
& Company, LLP**

Certified Public Accountants and Consultants

Frederick J. Ciaschi, C.P.A.

**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**

To the Board of Directors of
Schuyler County Industrial Development Agency
Watkins Glen, 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 business-type activities of Schuyler County Industrial Development Agency (the Agency), a component unit of the County of Schuyler, New York, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 24, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

- 13 -

CORTLAND

39 Church Street
Cortland, New York 13045
607-753-7439
fax 607-753-7874

ITHACA

401 East State Street ~ Suite 500
Ithaca, New York 14850
607-272-4444
fax 607-273-8372
www.cdIm.com

WATKINS GLEN

2 North Franklin Street, Suite 330
Watkins Glen, New York 14891
607-535-4443
fax 607-535-6220

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Lisa Dietershagen, Little, Minkler & Company, CPA". The signature is written in a cursive style.

March 24, 2015
Ithaca, New York