

# SCHUYLER COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Watkins Glen, New York

## FINANCIAL REPORT

For the Year Ended  
December 31, 2019



**SCHUYLER COUNTY**  
**INDUSTRIAL DEVELOPMENT AGENCY**

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## INDEPENDENT AUDITORS' REPORT

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

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

We have audited the accompanying financial statements of the 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, 2019, 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our 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 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 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.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Schuyler County Industrial Development Agency as of December 31, 2019, and the 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 4-4c 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, 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 an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The Schedules of Indebtedness and Projects on pages 12-13 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, the 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 11, 2020, 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 Schuyler County Industrial Development Agency's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Inero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Inero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
March 11, 2020

# **SCHUYLER COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019**

The Schuyler County Industrial Development Agency (the Agency), a component unit of the County of Schuyler, 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), increased private investment, additional housing, competitive educational resources, notable recreational, and other 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 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, 2019 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**

- Total expenses exceeded total revenues by \$70,301 in 2019 compared to 2018, when total expenses exceeded total revenue by \$49,403.
- Net position for the year ended December 31, 2019 amounted to \$1,205,583, reflecting a decrease of \$(70,301) from net position of \$1,275,884 at December 31, 2018.
- Total revenue of \$27,246 in 2019 decreased from revenue of \$49,949 in 2018, due to a decrease from the FLXGateway Enterprise project closing and offset by the increase in application fees for new Payment in Lieu of Taxes (PILOT).
- Total expenses of \$97,547 in 2019 decreased from expenses of \$99,352 in 2018, primarily due to a decrease in travel and entertainment and professional fees.

### **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 summary description of these statements is as follows:

# **SCHUYLER COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019**

- **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.
- **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.
- **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**

Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the Agency's activities.

*Figure 1*

<i>Condensed Statement of Net Position</i>	<i>Total Agency</i>		<i>Total Dollar Change</i>
	<i>2018</i>	<i>2019</i>	<i>2018 - 2019</i>
<i>Current Assets:</i>			
<i>Cash and Cash Equivalents</i>	\$ 806,901	\$ 768,447	\$ (38,454)
<i>Revolving Loans Receivable Within One Year</i>	23,252	18,047	(5,205)
<i>Accounts Receivable</i>	1,706	-	(1,706)
<i>Noncurrent Assets:</i>			
<i>Long-Term Certificates of Deposit</i>	361,179	353,287	(7,892)
<i>Revolving Loans Receivable in More Than One Year</i>	84,551	65,832	(18,719)
<b><i>Total Assets</i></b>	<b>1,277,589</b>	<b>1,205,613</b>	<b>(71,976)</b>
<i>Current Liabilities:</i>			
<i>Accounts Payable</i>	1,705	30	(1,675)
<b><i>Total Current Liabilities</i></b>	<b>1,705</b>	<b>30</b>	<b>(1,675)</b>
<i>Restricted for Revolving Loans</i>	107,803	83,879	(23,924)
<i>Unrestricted</i>	1,168,081	1,121,704	(46,377)
<b><i>Total Net Position</i></b>	<b>\$ 1,275,884</b>	<b>\$ 1,205,583</b>	<b>\$ (70,301)</b>

# **SCHUYLER COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS DECEMBER 31, 2019**

Total assets decreased 5.63%. This change stems from the decrease in total cash due to the results of operations. The decrease in revolving loans receivable stems from normal principal payments in accordance with amortization schedules.

Total liabilities decreased 98.24%. This change is the result of the timing of invoices received near year-end.

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

*Figure 2*

<b>Changes in Net Position</b>	<b>Total Agency</b>		<b>Total Dollar Change</b>
	<b>2018</b>	<b>2019</b>	<b>2018 - 2019</b>
<i>Operating Revenues:</i>			
<i>Fee Income</i>	\$ 41,818	\$ 20,631	\$ (21,187)
<i>Interest and Earnings - Loans</i>	3,648	2,880	(768)
<i>Other Revenue</i>	120	225	105
<i>Nonoperating Revenues:</i>			
<i>Interest and Earnings</i>	4,363	3,510	(853)
<b>Total Revenue</b>	<b>49,949</b>	<b>27,246</b>	<b>(22,703)</b>
<i>Operating Expenses:</i>			
<i>Contractual Expenses</i>	99,352	97,547	(1,805)
<b>Total Expenses</b>	<b>99,352</b>	<b>97,547</b>	<b>(1,805)</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (49,403)</b>	<b>\$ (70,301)</b>	<b>\$ (20,898)</b>

Total revenues decreased 45.45% primarily due to the decrease in Agency fee from FLXGateway Enterprises closing during the prior year offset by the increase in application fees for new PILOTs during the year. Operating expenses in 2019 decreased primarily due to decreases in travel and entertainment and professional fee expenses. The net result was a decrease in net position of 5.51%.

### **FACTORS BEARING ON THE AGENCY'S FUTURE**

The Village of Watkins Glen is a recipient of the State of New York Downtown Revitalization Initiative Grant (\$10 million investment). There are several projects that are expected to create additional demand for IDA-related financial assistance. The board of directors for the Schuyler County Partnership for Economic Development (SCOPEd) continues to focus its economic development resources on cluster-based economic development initiatives. There is a focus on attracting year-round employment and investment in the following three clusters: Beverage Production, Tourism & Hospitality and Fermentation.

The Agency has benefitted from the fourth annual board retreat held off site in Cattaraugus County. The Agency has completed a strategic plan to follow in subsequent years.



***SCHUYLER COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY***

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2019**

**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, 2019**

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 768,447
Revolving Loans Receivable Due Within One Year	18,047
<b>Total Current Assets</b>	<u>786,494</u>

**Noncurrent Assets**

Long-Term Certificates of Deposit	353,287
Revolving Loans Receivable Due in More Than One Year	65,832
<b>Total Noncurrent Assets</b>	<u>419,119</u>

<b>Total Assets</b>	<u><u>\$ 1,205,613</u></u>
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**LIABILITIES AND NET POSITION**

**LIABILITIES**

**Current Liabilities**

Accounts Payable	\$ 30
<b>Total Liabilities</b>	<u>30</u>

**NET POSITION**

Restricted for Revolving Loans	83,879
Unrestricted	1,121,704
<b>Total Net Position</b>	<u>1,205,583</u>

<b>Total Liabilities and Net Position</b>	<u><u>\$ 1,205,613</u></u>
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*See Notes to Financial Statements*

**SCHUYLER COUNTY**  
**INDUSTRIAL DEVELOPMENT AGENCY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

<b>Operating Revenues</b>	
Fee Income	\$ 20,631
Interest and Earnings - Loans	2,880
Other Revenue	225
	<hr/>
<b>Total Operating Revenues</b>	23,736
	<hr/>
<b>Operating Expenses</b>	
REDEC Fee Expenses	721
Administration and Support	70,000
Professional Fees	26,826
	<hr/>
<b>Total Operating Expenses</b>	97,547
	<hr/>
Operating (Loss)	(73,811)
	<hr/>
<b>Nonoperating Revenues</b>	
Interest and Earnings	3,510
	<hr/>
<b>Total Nonoperating Revenues</b>	3,510
	<hr/>
Change in Net Position	(70,301)
Net Position, January 1, 2019	1,275,884
	<hr/>
<b>Net Position, December 31, 2019</b>	<b>\$ 1,205,583</b>
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*See Notes to Financial Statements*

**SCHUYLER COUNTY**  
**INDUSTRIAL DEVELOPMENT AGENCY**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

<b>Cash Flows From Operating Activities</b>	
Cash Received From Providing Services	\$ 22,562
Cash Payments - Contractual Expenses	(99,222)
Cash Received From Revolving Loan	23,924
Interest Income Received on Revolving Loan	2,880
	(49,856)
<b>Net Cash Provided (Used) by Operating Activities</b>	
<b>Cash Flows From Financing Activities</b>	
	-
<b>Cash Flows From Investing Activities</b>	
Sale of Certificates of Deposit	7,892
Interest Income Received	3,510
	11,402
<b>Net Cash Provided (Used) by Investing Activities</b>	
Net Change in Cash and Cash Equivalents	(38,454)
Cash and Cash Equivalents, January 1, 2019	806,901
	806,901
<b>Cash and Cash Equivalents, December 31, 2019</b>	<b>\$ 768,447</b>
Reconciliation of Operating (Loss) to Net Cash	
Provided (Used) by Operating Activities:	
Operating (Loss)	\$ (73,811)
Adjustments to Reconcile Operating (Loss)	
Net Cash Provided (Used) by Operating Activities:	
(Increase) Decrease in Loans Receivable	23,924
(Increase) Decrease in Accounts Receivable	1,706
Increase (Decrease) in Accounts Payable	(1,675)
	(49,856)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (49,856)</b>

*See Notes to Financial Statements*

# ***SCHUYLER COUNTY INDUSTRIAL DEVELOPMENT AGENCY***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019**

***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 in the United States (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing U.S. GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the Agency's accounting policies are described below.

**Financial Reporting Entity**

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 Legislature, is a separate entity and operates independently of the County. The Agency is considered a component unit of the County. The members of the Board of Directors are appointed by the Schuyler County Legislature.

The financial reporting entity consists of (a) the primary government which is the Schuyler County Industrial Development Agency; (b) organizations for which the primary government is financially accountable; and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth in GASB Statement No. 14, "The Financial Reporting Entity," as amended.

The decision to include a potential component unit in the Agency's reporting entity is based on several criteria set forth in GASB Statement No. 14, "The Financial Reporting Entity," as amended.

**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.

# **SCHUYLER COUNTY**

## **INDUSTRIAL DEVELOPMENT AGENCY**

### **NOTES TO FINANCIAL STATEMENTS**

#### **DECEMBER 31, 2019**

**Note 1 Summary of Significant Accounting Policies - Continued**

**Cash and Cash Equivalents**

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

**Long-Term Certificates of Deposit**

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

**Allowance for Uncollectible Loans**

The Agency follows the policy of evaluating its loans receivable to adequately reserve for anticipated losses. Management believes all loans receivable are deemed collectible; therefore, no reserve for the loans has been established as of December 31, 2019.

**Equity Classifications**

Equity is classified as net position and displayed in two components:

- **Restricted for Loans** consists of net resources with constraints placed on their 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.
- **Unrestricted** consists of all other net resources that do not meet the definition of “restricted.”

**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.

**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; 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, 2019, the outstanding value of bonds and notes issued aggregated \$-0-.

# **SCHUYLER COUNTY**

## **INDUSTRIAL DEVELOPMENT AGENCY**

### **NOTES TO FINANCIAL STATEMENTS**

#### **DECEMBER 31, 2019**

**Note 3      Payments in Lieu of Taxes**

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

In 2019, \$920,957 was received in PILOT payments compared to the \$1,651,081 which would have been received if businesses paid the full amount of property taxes. Property tax abatements totaled \$730,124.

**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 Federal Deposit Insurance Corporation (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 5), of \$1,121,767 at December 31, 2019 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, 2019 totaled \$1,121,734.

**Note 5      Certificates of Deposit**

Certificates of deposit consisted of the following at December 31, 2019:

	<b>Cost</b>	<b>Fair Value</b>	<b>Excess of Fair Value Over Cost</b>
Certificate of Deposit - 24 Months 1.98%, Matures 12/2021	\$ 242,108	\$ 242,108	\$ -
Certificate of Deposit - 14 Months 1.00%, Matures 12/2020	111,179	111,179	-
<b>Total</b>	<b>\$ 353,287</b>	<b>\$ 353,287</b>	<b>\$ -</b>

**SCHUYLER COUNTY**  
**INDUSTRIAL DEVELOPMENT AGENCY**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**Note 6 Revolving Loans Receivable**

The balances of the revolving loans receivable at December 31, 2019 consisted of the following:

	<b>Amount</b>
Montour House - issued in 2009, in the amount of \$245,000; will be repaid over a period of 15 years with an interest rate of 3%, beginning June 1, 2009.	\$ 83,879
Total Revolving Loans Receivable	83,879
Less Current Portion	(18,047)
<b>Long-Term Portion</b>	<b>\$ 65,832</b>

The Finger Lakes Distilling, LLC Loan was fully paid off during the year.

Management has evaluated the need for a loan loss provision and has determined that such a provision is not required.

**Note 7 Accounts Payable**

Accounts payable at year-end are as follows:

<b>Description</b>	<b>Amount</b>
Postage	\$ 30
<b>Total</b>	<b>\$ 30</b>

**Note 8 Related Party**

Schuyler County Partnership for Economic Development, Inc. (SCOPED, Inc.) is a nonprofit 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 \$70,000 for the year ended December 31, 2019.



**SCHUYLER COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY**

**SCHEDULE OF INDEBTEDNESS  
DECEMBER 31, 2019**

	<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>
Schuyler Hospital	1/2000	3.26%	\$ 187,949	\$ -	\$ 187,949	\$ -	1/2020
<b>Total</b>			<b><u>\$ 187,949</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 187,949</u></b>	<b><u>\$ -</u></b>	

**SCHUYLER COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY**

**SCHEDULE OF PROJECTS  
DECEMBER 31, 2019**

<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>Current Employment 12/31/2019</u>
Cargill	1982-2022	Commercial	\$	\$	\$	\$ 226,475	\$ 275,421	\$ 48,946	91	115
Empire Pipeline	2010-2024	Construction				293,390	576,065	282,675		
Finger Lakes Rail Corp.	1995-2025	Railway				46,881	36,507	(10,374)		50
Montour Falls House	2009-2029	Real Estate				1,699	29,698	27,999		25
Seneca Market	2008-2028	Commercial				106,970	406,294	299,324		69
SEPP Inc.	2014-2045	Real Estate				47,627	89,662	42,035		1
US Salt	2009-2024	Manufacturing				167,886	126,853	(41,033)	130	163
Waterworks Center	2012-2027	Real Estate				20,765	62,493	41,728	16	
Watkins Brewery	2017-2030	Commercial				9,264	48,088	38,824		
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 920,957</u>	<u>\$ 1,651,081</u>	<u>\$ 730,124</u>	<u>237</u>	<u>423</u>

**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***

Board of Directors  
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 Schuyler County Industrial Development Agency (the Agency), a component unit of the County of Schuyler, New York, as of December 31, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated March 11, 2020.

***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 opinions 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 entity'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.

***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.

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
March 11, 2020