

Cayuga County Development Corporation Annual Operations and Accomplishments Report FY 2021

Introduction

The Cayuga County Development Corporation (“CCDC” or the “Corporation”) was created in June, 2002 as a Not-For-Profit Local Development Corporation under Section 1411 of the Not-For-Profit Corporation Law of the State of New York, for the purposes set forth in Section 1141(a) of such law and whose formation and operation are exclusively for charitable purposes within the meaning of Section 501(c),(3) of the Internal Revenue Code of 1986, as amended. The stated purposes are to relieve and reduce unemployment, promote and provide for additional and maximum employment, to create better and to maintain job opportunities within Cayuga County and to and lessen the burden of government and act in the public interest.

The Office of the Agency is located within the County Planning Department at the Cayuga County Office Building, situated at 160 Genesee Street, 5th Floor, Auburn, NY, 13021. The telephone number for the CCDC Office is (315) 253-1276. The Office is open M-F 8:30 am to 4:30 pm.

This document is the Annual Operations and Accomplishments (“Annual”) Report for the Cayuga County Development Corporation for the Fiscal Year ending 12/31/2021 and is prepared in compliance with the New York State Public Authorities Law (“PAL”) Section 2824-a, of the 2005 NYS Public Authorities Accountability Act (“PAAA”) and the 2009 PARA. This report provides a written assessment and summary review of CCDC’s operations and accomplishments during FY2021. In some cases, this report will refer to and identify the publicly available (and web-posted) location of supporting reports or materials that provide the information cited. Collectively, this report and the cited materials include the following areas of concern:

1. Overview of FY20210 CCDC Operations and Accomplishments
2. CCDC Revenues & Expenditures for FY2021
3. CCDC Assets & Liabilities for FY2021
4. CCDC Compensation
5. Overview of Projects undertaken by the Corporation in FY2021
6. Real Property Owned and/or Disposed of by the Corporation in FY2021
7. The CCDC Code of Ethics adopted by the Board of Directors
8. An Assessment of the Effectiveness of CCDC’s Internal Controls from the CCDC independent auditor’s report for FY2021; and the
9. CCDC Investment Report for FY2021.

I. Overview of Operations & Accomplishments

Under the New York State Certificate of Incorporation and corresponding Bylaws, the CCDC Board may have as few as three (3) or as many ten (10) Directors. CCDC historically has functioned with five (5) Directors, with staff and administrative support provided by two individuals from the Cayuga County Department of Planning & Economic Development ("CCPED"): Mr. Stephen F. Lynch, AICP, the Director of CCPED and the Executive Director of CCDC; and Ms. Suzanne Gauthier, Administrative Assistant to CCPED and Acting Treasurer-Secretary/CFO of CCDC.

In FY2021, the CCDC continued operations with four (4) active Directors. The Board operated throughout FY2021 and the CCDC anticipates an appointment to the Board in 2021 to return the Board back to five (5) active members (appointment pending review in February 2022).

A. CCDC LOAN PROGRAM ACTIVITY IN 2021

Despite the continued COVID-19 Pandemic, throughout 2021 the Cayuga Economic Development Agency ("CEDA") and CCDC staff continued to market the CCDC Loan Program to the Cayuga County business community with emphasis on outreach to the County's rural and agriculturally-focused small businesses, small manufacturers and emerging or expanding businesses in the small manufacturing and renewable energy sectors. As a result, fiscal year 2021 did include two (2) new CCDC Loans and restructuring of an existing loan, as detailed below.

1. Auburn Vacuum Forming Co., Inc. The CCDC provided an equipment/working capital loan to Auburn Vacuum Forming Company (AVF). AVF is headquartered in Ontario Canada with manufacturing facilities in Canada, Mexico and Auburn NY/Cayuga County. The company provides thermoforming molding and finishing of components for the transportation and recreational vehicle manufacturing sectors. Loan Details are as follows:
 - a. Equipment and Working Capital Loan
 - b. \$93,300.00 Loan; 4% Interest Rate; 4-year term; \$72,154 for equipment and \$21,146 for working capital to accommodate new and refurbished equipment.
 - c. \$47,800 owner equity injection for \$141,000 Total Project Budget
 - d. Employment Plan: Seventeen (17) FTE jobs within a 3-year period from closing.
 - e. Loan Closed on April 7, 2021
 - f. Loan repaid in full in November 2021; UCC security released November 22, 2021
2. New Age Renewable Energy, Inc. NARE is a value-added agriculture company that utilizes dairy production waste byproducts (whey) to create useful and sustainable products such as industrial grade alcohol and natural spirits. At the time of application, the company had five (5) full time employees and planned, with the proposed market expansion, to create six (6) new FTE employees. Loan Details are as follows:
 - a. Equipment Loan to expand natural spirits production
 - b. \$85,000.00 Loan; 4% Interest Rate; 4-year term
 - c. \$207,000 owner equity injection for \$292,000 Total Project Budget
 - d. Employment Plan: Six (6) new FTE jobs within a 3-year period from March 2021 closing.
 - e. Loan Closed on March 23, 2021

3. E. John Gavras Center, Inc. (Gavras Center): The Gavras Center, located at 182 North Street in the City of Auburn, NY, is a Not-for-Profit Services Agency affiliated with United Cerebral Palsy of Cayuga County. The agency provides Day Habilitation Services to individuals with developmental disabilities and also provides certified Pre School Services to the broader Auburn and Cayuga County community. The CCDC provided a Working Capital Loan of \$500,000 to the agency in December of 2018 and in June of 2021 CCDC worked with Gavras Center to restructure the principal balance of the loan. Original and Restructured Loan Details are as follows:
 - a. Original Loan: December 14, 2018; \$500K working capital; 4% and 5-year term
 - b. Original Job Creation Goals: Twenty Seven (27) new FTE employees at the Auburn location within 3-years of Jan. 1, 2018. These job creation goals were met (exceeded) in 2018.
 - c. Restructured Loan: Principal Balance of \$344,481.18 was restructured on June 27, 2021 at 4% for a 7-year term (84 mos.).

C. GENERAL ADMINISTRATION

Monitoring and administration of the CCDC Economic Development Revolving Loan Fund is provided by Cayuga County staff working for the Department of Planning and Economic Development. This CCDC support staff also works with partners at the Cayuga Economic Development Agency ("CEDA" - a separate not-for-profit LDC) on loan application review, processing and underwriting. Lastly, the CCDC support staff works closely with the Cayuga County not-for-profit sector agencies managing civic facilities, keeping these service providers aware of CCDC civic facility bond financing options for project development.

II. CCDC REVENUES AND EXPENSES FY2021

The CCDC issued a Request for Proposals (RFP) for independent financial auditing services in November of 2021 after a three-year services contract with independent CPA firm Bonadio & CO., CPAs of Syracuse, NY was successfully closed. The RFP was sent to fourteen (14) local and regional independent CPA firm and the CCDC ultimately received four (4) service proposal from interested and qualified firms. At the December 21, 2021 Board of Directors meeting, the CCDC board voted unanimously to award a 3-year services contract to Cuomo, Winters & Schmidt, CPAs out of East Syracuse, NY. A professional services contract with CWS was executed on December 29, 2021 and the FY21 independent financial audit was conducted in Q1 of 2022.

The full CCDC FY2021 audit, including an analysis and overview of the CCDC Revenues and Expenses for the fiscal year, is available online at the CCDC webpage: <https://www.cayugacounty.us/440/Cayuga-County-Development-Corporation>. Copies are also available at the CCDC offices, Cayuga County Office Building, 160 Genesee Street, 5th Floor, Auburn, NY 13021.

III. CCDC ASSETS AND LIABILITIES FY2021

The CCDC independent financial audit of the fiscal year ending 12/31/2021 by Cuomo, Winters & Schmidt, CPAs, includes an analysis and overview of the CCDC Assets and Liabilities for the 2021 fiscal year. This analysis is also available online at the CCDC webpage (please see Section II paragraph above for website URL) and is available to the public at the CCDC offices, Cayuga County Office Building, 160 Genesee Street, 5th Floor, Auburn, NY 13021.

IV. CCDC CORPORATION COMPENSATION

The CCDC is located at the Cayuga County Office Building in Auburn, NY and operates with staff support provided by Cayuga County government. The primary staff members working with the CCDC on daily operations and administration are the CCDC Executive Director who is also the Director of the Cayuga County Office of Planning & Economic Development and the CCDC Acting Secretary & CFO/Treasurer, who is the full-time Administrative Assistant with the Cayuga County Office of Planning & Economic Development.

Neither the CCDC Executive Director nor the CCDC Acting Secretary & CFO/Treasurer receive any compensation at all by the CCDC (or additional compensation from Cayuga County). These individuals are paid fully by Cayuga County in their respective County positions with the Planning Department, as detailed above. These individuals, and the appointed officers of CCDC, may however be reimbursed for certain expenses incurred in the performance of their duties to the CCDC such as mileage, etc. The CCDC does pay compensation to the County of Cayuga for utilization of the staff, for materials and meetings space provided by the Department of Planning & ED. In FY21, the CCDC authorized a \$30K payment to the County under a CCDC-County Planning services agreement.

In addition to these primary positions, the CCDC receives technical assistance from time to time through Cayuga County. This support assistance is provided at no cost to the CCDC.

V. OTHER INITIATIVES UNDERTAKEN BY THE CCDC IN FY2021

In addition to the general overview of CCDC loan program and project administration work described in Section I, the CCDC Board and Staff also engaged in the following activities:

- As a component partner in local economic development, the CCDC support staff works with the Cayuga County Legislature leadership in general and specifically with the County Legislature Committee for Planning & Economic Development. CCDC also works with local elected officials and the local business community on support for economic development efforts. Lastly, the CCDC support staff interacts with members and staff of the Cayuga-Cortland Workforce Investment Board and Cayuga Community College (SUNY CCC) on workforce development initiatives;
- Review and Assessment of CCDC Internal Controls and management of CCDC finances; and
- Continued coordination and networking with Cayuga County small business concerns and manufacturing clusters in collaboration with the Cayuga Economic Development Agency ("CEDA").

VI. CCDC PROPERTY OWNED AND/OR DISPOSED OF FY2021

As reported annually, the CCDC does not own any real property and this remained the case in FY2021.

VII. CCDC Code of Ethics

The CCDC originally adopted a Code of Ethics on September 18, 2007 that established a high level of ethical conduct for the Board of Directors, staff and associates for the Corporation to adhere to. This adopted Code of Ethics is reviewed annually by the Board of Directors and was specifically reviewed and ratified on October 18, 2011 when the CCDC Board revised its Bylaws. The Code of Ethics is posted online at the CCDC webpage:

<https://www.cayugacounty.us/440/Cayuga-County-Development-Corporation> and is available at the CCDC offices. A copy of the adopted Code of Ethics is provided below:

CCDC Code of Ethics

The members of the board (the "Board") of the Cayuga County Development Corporation (the "Corporation"), a duly established public benefit corporation of the State of New York (the "State"), along with the officers and staff of the Corporation, shall comply with and adhere to the provisions of the Not-For-Profit Corporation Law of the State.

Further, no director, officer, or employee of the Corporation shall (1) accept other employment which will impair his or her independence of judgment in the exercise of his or her official duties; (2) accept employment or engage in any business or professional activity which will require him or her to disclose confidential information which he or she has gained by reason of his or her official position of Corporation; (3) disclose confidential information acquired by him or her in the course of his or her official duties nor use such information to further his or her personal interests; (4) use or attempt to use his or her official position to secure unwarranted privileges or exemptions for himself, herself or others; (5) engage in any transaction as a representative or agent of Corporation with any business entity in which he or she has a direct or indirect financial interest that might reasonably tend to conflict with proper discharge of his or her official duties; (6) not, by his or her conduct, give reasonable basis for the impression that any person can improperly influence him or her or unduly enjoy his or her favor in the performance of his or her official duties, or that he or she is affected by the kinship, rank, position or influence of any party or person; (7) abstain from making personal investments in enterprises which he or she has reason to believe may be directly involved in decisions to be made by him or her or which will otherwise create substantial conflict between his or her duty in the public interest and his or her private interest; and (8) endeavor to pursue a course of conduct which will not raise suspicion among the public that he or she is likely to be engaged in acts that are in violation of his or her trust.

Approved and adopted on the 18th day of September 2007.

Amended and Ratified October 18, 2011.

VIII. Assessment of the Effectiveness of CCDC Internal Controls

The CCDC is audited annually by an independent auditor. CCDC review and approval of the audited financial statements is the responsibility of CCDC management and the Board of Directors. A local CPA firm, Cuddy & Ward, was CCDC auditor from FY 2013 through FY 2017, when the firm retired from conducting these types of audits.

In 2018, the CCDC conducted an RFP to select a new, independent audit firm and received five (5) proposals from independent auditors. The proposals were reviewed by the CCDC Board on January 10, 2019 and the Board selected the firm Bonadio & CO., CPAs ("Bonadio") out of Syracuse, NY and authorized an auditing contract for three (3) years (FY18-FY20).

In November of 2021, the CCDC issued a Request for Proposals (RFP) for independent financial auditing services after the three-year services contract with Bonadio & CO., CPAs concluded. The CCDC ultimately received four (4) service proposal from interested and qualified firms. At the December 21, 2021 Board of Directors meeting, the CCDC board voted unanimously to award a 3-year services contract to Cuomo, Winters & Schmidt, CPAs out of East Syracuse, NY. A professional services contract with CWS was executed on December 29, 2021 and the FY21 independent financial audit was conducted in Q1 of 2022 and the audit included a review of CCDC internal controls.

CWS completed the CCDC FY2021 Independent Financial Audit and presented it to the Board of Directors on Tuesday, March 22, 2022. The CCDC Financial Audit was prepared in accordance with accounting principles generally accepted in the United States of America. Financial information contained in the report and in the related, cited materials are available at the CCDC offices and online at the CCDC webpage: [Cayuga County Development Corporation | Cayuga County, NY](#).

CCDC has established an Internal Control Structure and the CCDC Board of Directors conducts an annual review and assessment of its internal financial controls as part of its review of the annual independent financial audit. The objectives of the CCDC Internal Control Structure is to provide reasonable assurance as to the protection of, and accountability for CCDC assets, ensuring compliance with applicable laws and regulations, confirming proper authorization and recording of transactions and the reliability of financial records for preparing financial statements. The Internal Control Structure is subject to annual review by CCDC independent auditors in addition to the review by the CCDC Board and management.

The CCDC Board and management are committed to an ongoing assessment of the control structure and are focused on the following continuous improvements:

- Timely compliance with PAAA and new PARA throughout the fiscal year, including communication with CCDC independent auditors and general counsel to bring the Corporation into a structured review and audit schedule ensuring full and timely compliance with statutory compliance, public reporting and transparency;

- Cross training of Agency staff (and Board) on PAAA and the new PARA and financial reporting requirements to establish checks and balances for meeting full compliance with scheduled reporting.

IX. CCDC INVESTMENT REPORT

Deposits and Investments

State statutes govern the Corporation's investment policies. In addition, the Corporation adopted its own written Investment Policy on September 18, 2007 which remains in place. The CCDC Board reviewed, reaffirmed and adopted the CCDC Investment Policy on March 8, 2021. According to the Investment Policy that CCDC staff and Board continue to follow, Corporation monies must be deposited in FDIC insured commercial banks or, when deposits are in excess of FDIC insurance limits, with trust companies located within the State. The CCDC Treasurer is authorized to use, and does utilize, a small range of demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and obligations of New York State and 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.

The CCDC maintained all cash balances with financial institutions insured by the FDIC up to \$250,000.00 for interest bearing and non-interest-bearing accounts. At December 31, 2021, the Corporation's deposits, including certificate of deposits, was \$1,441,687.00. Of this total, \$554,525.00 was covered by FDIC while the remaining balance was collateralized in full and in excess of required amounts in the amount of \$887,162.00. Looking back, at December 31, 2020, the Corporation's deposits, including certificate of deposits, was \$1,306,127.00. Of this total, \$690,313.00 was covered by FDIC while the remaining balance was collateralized in full and in excess of required amounts in the amount of \$615,814.00.