

# Cayuga County Development Corporation Annual Operations and Accomplishments Report FY 2018

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## Introduction

The Cayuga County Development Corporation (hereinafter called the “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. These 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 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 5:00 pm.**

This document is being presented as the Annual Operations and Accomplishments (“Annual”) Report for the Cayuga County Development Corporation for the Fiscal Year ending 12/31/2018 in compliance with the New York State Public Authorities Law (“PAL”) Section 2824-a, 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 FY2018. 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 FY2018 CCDC Operations and Accomplishments
2. CCDC Revenues & Expenditures for FY2018
3. CCDC Assets & Liabilities for FY2018
4. CCDC Compensation
5. Overview of Projects undertaken by the Corporation in FY2018
6. Real Property Owned and/or Disposed of by the Corporation in FY2018
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; and the
9. CCDC Investment Report for FY2018.

## I. Overview of Operations & Accomplishments

At the start of FY2018, the CCDC continued operations with two (2) vacancies on the five member CCDC Board of Directors. The vacancies resulted in an extended period in 2018 in which three (3) members provided the quorum for the conduct of business as long as all three remaining members were present.

Although 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/Acting Secretary of CCDC.

In December 2018, a fourth individual, Mr. Bud Shattuck, Mayor of the Cayuga County Village of Union Springs, was appointed by the County Legislature to the CCDC Board, bringing the CCDC Board up to four (4) active Directors. The CCDC anticipates an appointment to the Board in 2019 bringing the Board back to five (5) active members.

### A. CAYUGA COUNTY TRANSFERS ECONOMIC DEVELOPMENT FUND TO CCDC

On April 9, 2018, the Cayuga County Legislature approved a resolution (#148-18) authorizing the transfer of certain County Economic Development Loan funds from the County Planning Department to the Cayuga County Development Corporation. On April 26, 2018 the CCDC approved an authorizing resolution accepting the County funds and the assignment of two (2) small business loans from the County to CCDC. The CCDC resolution authorized the acceptance of ~\$2,152,166 in economic development funds from the County, the assumption of the two County small business loans and the establishment of an Economic Development Fund, including the opening of accounts, administration of the loans, and authorization for the CCDC Loan Committee (a "committee of the whole") and staff to prescribe program and administration guidelines for the Economic Development Fund.

### B. CCDC LOAN PROGRAM ACTIVITY IN 2018

Throughout 2018 the Cayuga Economic Development Agency ("CEDA") assisted the CCDC staff with marketing the CCDC Loan Program to the Cayuga County business community with emphasis on outreach to the County's rural and agriculturally-focused small business and to small manufacturers in the community.

Prior to 2018, the last small business loan made by the CCDC was in early 2016, with a \$140,000.00 small business loan to North Brook Farms Plastics, LLC ("NBFP"), a local manufacturing company located in the City of Auburn. Despite the work undertaken by CEDA to market the CCDC Loan Program, the agency did not process any additional loans in FY2017.

Fiscal year 2018 was a more active year for the CCDC Loan Program. Please note the following:

1. The CCDC continued to administer existing loans including the following:
  - a. Lucky Frog (assumed from County in 2018, paid off in 2018)
  - b. Springside Inn VI (assumed from County in 2018, continued payments in 2018)
  - c. NBF Plastics (original CCDC Loan, continued payments in 2018).
2. The CCDC Board authorized and closed on three (3) loans in 2018:
  - a. Aurora Ale & Lager Company: \$130K; 5-Year Term, 5% Rate.
  - b. Wells College Water System Infrastructure: \$550K; 20-year Term, 2% Rate.
    - i. Bridge Loan on Emergency Repairs to public water systems that Wells College owns and operates that serves the College Campus and the Village of Aurora.
    - ii. \$292,818 initially borrowed and repaid within the year; balance of \$257,182 was never used and loan was closed out.
  - c. E. John Gavras Center Loan: \$500K, 5-Years; 4% Rate.

### C. GENERAL ADMINISTRATION

On an administrative front, the CCDC support staff continued to monitor the CCDC financing of Auburn Community Hospital (undertaken in FY2013) and administer other ongoing CCDC obligations.

## II. CCDC REVENUES AND EXPENSES FY2018

The CCDC initiated its own, independent annual financial audit of the Corporation using the services of an independent CPA firm (Bonadio & CO., CPAs of Syracuse, NY) procured in November 2018 through a competitive Request for Proposal (RFP) process with the authorization of a three-year contract for independent financial services approved by resolution of the Board January 10, 2019.

The full CCDC FY2018 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, 5<sup>th</sup> Floor, Auburn, NY 13021.

## III. CCDC ASSETS AND LIABILITIES FY2018

As stated above, the CCDC independent financial audit of the fiscal year ended 12/31/2018 also includes an analysis and overview of the CCDC Assets and Liabilities for the fiscal year, which is also available both online at the CCDC webpage (please see Section II above for website URL) and at the CCDC offices, Cayuga County Office Building, 160 Genesee Street, 5<sup>th</sup> 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 operation 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 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. These individuals are paid fully by Cayuga County in their respective County positions detailed above. These individuals and 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, materials and meetings space provided by the Department of Planning & ED. In FY18, the CCDC authorized a \$15K payment to the County for this 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 FY2018**

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 local economic development entity, the CCDC continued close coordination and interaction with the Cayuga-Cortland Workforce Investment Board and overall workforce development initiatives;
- Review and Assessment of CCDC Internal Controls; 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 FY2018**

As reported annually, the CCDC does not own any real property and this remained the case in FY2018.

## **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. The 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. In 2018, the firm announced to clients that it would no longer continue to provide financial audit services. The CCDC conducted a RFP process in late 2018 and received five (5) proposals from independent auditors. These 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) with a clause allowing up to three (3) additional years (2021-2023).

Bonadio completed the CCDC FY2018 Independent Financial Audit and presented it to the Board of Directors on Friday, March 8, 2019. 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.

CCDC has established an Internal Control Structure and the CCDC Board of Directors conducts an annual review and assessment of its Internal Controls as part of its review of the annual independent financial audit. The objectives of the CCDC Internal Controls and Structure is to provide reasonable assurance as to the protection of and accountability for assets, compliance with applicable laws and regulations, proper authorization and recording of transactions and the reliability of financial records for preparing financial statements. The Internal Control Structure is subject to periodic 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 in to 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. During the FY18 audit, the auditors pointed out, correctly, that the CCDC Board had not proceeded with the required annual review and adoption of the CCDC Investment Policy. This was an oversight of staff and the CCDC Board is scheduled to review and adopt the Investment Policy in April 2019. According to the Investment Policy that CCDC staff and Board continue to follow, Corporation monies must be deposited in FDIC insured commercial banks or 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 carrying value of CCDC deposits at December 31, 2017 totaled \$71,804.00 in cash and was insured in full by FDIC. At December 31, 2018, total CCDC deposits, including certificates of deposit, was \$1,648,684 and the bank balance was \$1,647,300. \$750,000 was covered by FDIC while the remaining balance was collateralized in full and in excess of required amounts in the amount of \$1,911,064.