

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Independent Auditor's Report

Financial Statements  
and Supplementary  
Information

Year Ended December 31, 2018

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Table of Contents

	Page
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-6
Financial Statements	
Statement of Net Position	7
Statement of Revenues, Expenses and Changes in Net Position	8
Statement of Cash Flows	9-10
Notes to Financial Statements	11-15
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>	16-17
Schedule of Findings and Responses (Schedule 1)	18-19



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## INDEPENDENT AUDITOR'S REPORT

To The Board of Directors  
Counties of Warren and Washington  
Industrial Development Agency

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

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of the Counties of Warren and Washington Industrial Development Agency, as of and for the year ended December 31, 2018, 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.

### ***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 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 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 entity'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 entity'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 opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Counties of Warren and Washington Industrial Development Agency, as of December 31, 2018, 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 management's discussion and analysis on pages 3-6 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2019 on our consideration of the Counties of Warren and Washington Industrial Development Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Counties of Warren and Washington Industrial Development Agency's internal control over financial reporting and compliance.

*Whittemore, Dowen & Ricciardelli, LLP*

Whittemore, Dowen & Ricciardelli, LLP  
Queensbury, New York

August 20, 2019

# **COUNTIES OF WARREN AND WASHINGTON INDUSTRIAL DEVELOPMENT AGENCY**

## **Management's Discussion and Analysis For the Year Ended December 31, 2018**

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Our discussion and analysis of the Counties of Warren and Washington Industrial Development Agency's financial performance provide an overview of the Agency's financial activities for the fiscal year ended December 31, 2018. Please read it in conjunction with the Agency's financial statements.

### **HIGHLIGHTS**

#### **Financial Highlights:**

- Total current IDA assets were decreased by \$56,768 and net capital and other assets decreased by \$4,402 from 2017.
- PILOT Project Revenues in the amount of \$1,291,807 were collected and disbursed to taxing jurisdictions throughout the Counties of Warren and Washington.

#### **Agency Highlights:**

- The Agency is working with Greenwich Preservation Group LLC, Okie Properties LLC (Firetek Sprinkler Systems LLC), and Sandy Hill Vision LLC with projected project openings in 2019.

### **USING THIS ANNUAL REPORT**

This annual report consists of three parts: Management's Discussion and Analysis and Financial Statements. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

This annual report also includes information for our Component Unit, the Civic Development Corporation.

# COUNTIES OF WARREN AND WASHINGTON INDUSTRIAL DEVELOPMENT AGENCY

Management's Discussion and Analysis  
For the Year Ended December 31, 2018

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## OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's agency-wide financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Agency-wide financial statements.** The *agency-wide financial statements* are designed to provide readers with a broad overview of the Agency's finances.

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 of whether the financial position of the Agency is improving or deteriorating.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the Agency's net position changed 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 related cash flows*.

*Notes to Financial Statements.* The Notes provide additional information that is essential to a full understanding of the data provided in the *financial statements*.

## FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government agency's financial position. In the case of the Agency, assets exceeded liabilities by \$1,231,156 as of December 31, 2018.

The Agency's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

# COUNTIES OF WARREN AND WASHINGTON INDUSTRIAL DEVELOPMENT AGENCY

## Management's Discussion and Analysis For the Year Ended December 31, 2018

The following tables present a summary of the Agency's and Corporation's derivation of net position for the fiscal years ended December 31, 2018 and 2017.

**Table 1**

	2018			2017	
	Industrial Development Agency	Civic Development Corp. (Component Unit)		Industrial Development Agency	Civic Development Corp. (Component Unit)
Total Current Assets	\$ 734,464	\$ 20,388	Total Current Assets	\$ 791,232	\$ 67,488
Total Capital Assets (net)	519,263	4,138	Total Capital Assets (net)	519,415	4,655
Total Other Assets	600	-	Total Other Assets	4,850	-
<b>Total Assets</b>	<b>1,254,327</b>	<b>24,526</b>	<b>Total Assets</b>	<b>1,315,497</b>	<b>72,143</b>
Total Liabilities	23,171	-	Total Liabilities	72,815	-
Net Investment in Capital Assets Unrestricted	519,263 711,893	4,138 20,388	Net Investment in Capital Assets Unrestricted	519,415 723,267	4,655 67,488
<b>Total Net Position</b>	<b>\$ 1,231,156</b>	<b>\$ 24,526</b>	<b>Total Net Position</b>	<b>\$ 1,242,682</b>	<b>\$ 72,143</b>

Changes in the Agency's and Corporation's net position can be determined by reviewing the following condensed Statement of Revenues, Expenses and Changes in Net Position at the end of the year.

**Table 2**

	2018			2017	
	Industrial Development Agency	Civic Development Corp. (Component Unit)		Industrial Development Agency	Civic Development Corp. (Component Unit)
Total Operating Revenues	\$ 106,523	\$ 2,000	Total Operating Revenues	\$ 296,332	\$ 70,665
Total Operating Expenses	106,420	49,617	Total Operating Expenses	138,596	20,330
Net Operating Revenue (Expenses)	103	(47,617)	Net Operating Revenue (Expenses)	157,736	50,335
Net Non-Operating Revenue (Expenses)	(11,629)	-	Net Non-Operating Revenue (Expenses)	(11,705)	-
Increase (Decrease) in Net Position	(11,526)	(47,617)	Increase (Decrease) in Net Position	146,031	50,335
Net Position at Beginning of Year	1,242,682	72,143	Net Position at Beginning of Year	1,096,651	21,808
<b>Net Position at End of Year</b>	<b>\$ 1,231,156</b>	<b>\$ 24,526</b>	<b>Net Position at End of Year</b>	<b>\$ 1,242,682</b>	<b>\$ 72,143</b>

# COUNTIES OF WARREN AND WASHINGTON INDUSTRIAL DEVELOPMENT AGENCY

Management's Discussion and Analysis  
For the Year Ended December 31, 2018

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## CAPITAL ASSETS

The Agency's capital assets are recorded at cost and consist mainly of land and related development costs.

Land is recorded at cost when acquired and consists of approximately 79 acres. The Agency is developing sections of the land for sale to prospective businesses. Various legal, surveying, engineering, and other development costs are capitalized as incurred.

Capital assets at December 31 are comprised as follows:

	<u>2018</u>	<u>2017</u>
Land	\$ 519,263	\$ 519,263
Office equipment, signs, mailboxes less accumulated depreciation	<u>-</u>	<u>152</u>
Capital Assets (net)	<u>\$ 519,263</u>	<u>\$ 519,415</u>

The Civic Development Corporation's capital assets consist of unamortized organization costs.

## CASH AND INVESTMENT POLICY

The Counties of Warren and Washington Industrial Development Agency finds it necessary to place funds in various deposit accounts. Article 18A, Section 858(14) of the State General Municipal Law authorizes the Agency to designate depositories. In accordance with this Article, one (1) bank is designated as a depository for the Agency's funds. Rates are competitively procured for deposits.

## CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers 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 any questions about this report or need additional financial information, contact the Agency at (518) 792-1312 or by mail: Counties of Warren and Washington Industrial Development Agency, 5 Warren Street, Suite 210, Glens Falls, New York 12801.



COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Statement of Net Position

December 31, 2018

ASSETS	<u>Industrial Development Agency</u>	<u>Civic Development Corp. (Component Unit)</u>
Current Assets:		
Cash and cash equivalents	\$ 706,617	\$ 20,388
Accounts receivable, restricted	21,238	-
Note receivable, current portion	4,250	-
Prepaid expenses	<u>2,359</u>	<u>-</u>
Total Current Assets	<u>734,464</u>	<u>20,388</u>
Noncurrent Assets:		
Escrow cash	600	-
Organization cost, net of amortization	-	4,138
Capital assets, net	<u>519,263</u>	<u>-</u>
Total Noncurrent Assets	<u>519,863</u>	<u>4,138</u>
Total Assets	<u>1,254,327</u>	<u>24,526</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	1,933	-
Due to other governments, to be paid from restricted assets	<u>21,238</u>	<u>-</u>
Total Current Liabilities	<u>23,171</u>	<u>-</u>
Total Liabilities	<u>23,171</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	519,263	4,138
Unrestricted	<u>711,893</u>	<u>20,388</u>
Total Net Position	<u>\$ 1,231,156</u>	<u>\$ 24,526</u>

See Independent Auditor's Report and Notes

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Statement of Revenues, Expenses and Changes in Net Position

Year Ended December 31, 2018

	<u>Industrial Development Agency</u>	<u>Civic Development Corp. (Component Unit)</u>
Operating Revenues:		
Charges for services	\$ 33,304	\$ -
Reimbursements	15,668	2,000
Other income	12,551	-
WWCDC grant	45,000	-
	<hr/>	<hr/>
Total Operating Revenues	106,523	2,000
	<hr/>	<hr/>
Operating Expenses:		
Personal services	20,430	-
Contractual expenses	84,069	4,100
Payroll taxes	1,674	-
Amortization	-	517
Depreciation	247	-
WWCDC grant	-	45,000
	<hr/>	<hr/>
Total Operating Expenses	106,420	49,617
	<hr/>	<hr/>
Total Operating Income	103	(47,617)
	<hr/>	<hr/>
Non-Operating Revenues (Expenses):		
Use of money and property	707	-
Real property tax expense	(12,336)	-
	<hr/>	<hr/>
Total Non-Operating Revenues (Expenses)	(11,629)	-
	<hr/>	<hr/>
Increase (Decrease) in Net Position	(11,526)	(47,617)
Net Position - Beginning of Year	1,242,682	72,143
	<hr/>	<hr/>
Net Position - End of Year	<u>\$ 1,231,156</u>	<u>\$ 24,526</u>

See Independent Auditor's Report and Notes

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Statement of Cash Flows

Year Ended December 31, 2018

	<u>Industrial Development Agency</u>	<u>Civic Development Corp. (Component Unit)</u>
Cash Flows From Operating Activities:		
Cash received from providing services	\$ 28,723	\$ -
Cash payments contractual expenses	(68,081)	(2,100)
Cash payments personal services and payroll taxes	(22,104)	-
Operating grants disbursed	-	(45,000)
Operating grants received	45,000	-
Other operating revenue	12,551	-
Net Cash Provided (Used) by Operating Activities	<u>(3,911)</u>	<u>(47,100)</u>
Cash Flows From Investing Activities:		
Interest income	707	-
Net Cash Provided (Used) by Investing Activities	<u>707</u>	<u>-</u>
Cash Flows From Non-Capital and Financing Activities:		
Real property taxes	(12,336)	-
Net Cash Provided (Used) by Non-Capital and Financing Activities	<u>(12,336)</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:		
Collections on note receivable	8,404	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>8,404</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,136)	(47,100)
Cash and Cash Equivalents - Beginning of Year	<u>714,353</u>	<u>67,488</u>
Cash and Cash Equivalents - End of Year	<u>\$ 707,217</u>	<u>\$ 20,388</u>

See Independent Auditor's Report and Notes

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Statement of Cash Flows

Year Ended December 31, 2018

	<u>Industrial Development Agency</u>	<u>Civic Development Corp. (Component Unit)</u>
Reconciliation of Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Operating Income	\$ 103	\$ (47,617)
Adjustments to Reconcile Operating Income to Net Cash		
Provided (Used) by Operating Activities:		
Amortization	-	517
Depreciation	247	-
(Increase) Decrease in:		
Accounts receivable	24,331	-
Accounts receivable, restricted	20,575	-
Prepaid expenses	483	-
Decrease (Increase) in:		
Accounts payable	773	-
Accrued liabilities	(708)	-
Other liabilities	(228)	-
Due to other governments, to be paid from restricted assets	(20,575)	-
Deferred revenue	(28,912)	-
	<u>\$ (3,911)</u>	<u>\$ (47,100)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (3,911)</u>	<u>\$ (47,100)</u>

See Independent Auditor's Report and Notes

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements

December 31, 2018

**Summary of Significant Accounting Policies**

The financial statements of the Counties of Warren and Washington Industrial Development Agency (Agency) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant accounting policies of the Agency are described below.

**Organization and Purpose**

The Agency was created in 1971 by the Warren and Washington County Boards of Supervisors under the provisions of Chapter 862 of the 1971 Laws of New York State. The purposes of the Agency are to promote, develop, encourage, and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping, and furnishing industrial, manufacturing, warehousing, commercial, research, and recreational facilities including industrial pollution control facilities, educational or cultural facilities, railroad facilities, and horse racing facilities and thereby advance the job opportunities, health, general prosperity, and economic welfare of the Counties of Warren and Washington and the residents thereof; and to improve their recreational opportunities, prosperity, and standards of living.

The Agency accomplishes its purposes through arranging for issuance of taxable and tax-exempt Industrial Development revenue bonds and notes, granting of sales and mortgage tax exemptions, and the arranging and administration of payment-in-lieu-of-taxes agreements to prospective businesses upon an application and approval process. The Agency considers these activities to be operating revenues. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses, including the sale of land. The Agency also owns approximately 79 acres of land located in Warren and Washington Counties of which its primary purpose is to add business properties to an existing industrial park in order to attract prospective businesses.

The Agency is exempt from federal, state, and local income taxes. The members of the Board of the Agency are appointed by the Warren and Washington County Boards of Supervisors.

**Component Unit of the Agency**

The Counties of Warren and Washington Civic Development Corporation (CDC), an exempt organization under Sec. (501)(c)(3) of the Internal Revenue Code, was created in 2011 for the purpose of promoting community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of the Counties by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses, and other entities to access low interest tax-exempt and non-tax-exempt financing for their eligible projects; and undertaking projects and activities within the Counties for the purpose of relieving and reducing unemployment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the Counties by attracting new industry to the Counties or by encouraging the development of, or retention of, an industry in the Counties, and lessening the burdens of government and acting in the public interest. The CDC governing body is substantively the same as the Agency's and therefore, the CDC is considered a component unit of the Agency and is discretely presented.

**Enterprise Fund**

The Agency records its transactions in this proprietary-type fund, which is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements

December 31, 2018

**Summary of Significant Accounting Policies – Continued**

Basis of Accounting

The financial statements of the Agency are prepared using the accrual basis of accounting. Sales of real estate lots owned by the Agency are reported using the accrual method, which requires that the entire profit on the sale be recognized when the sale occurs.

Capital Assets, Net

The Agency's capital assets are recorded at cost and consist mainly of land and related development costs.

Land is recorded at cost when acquired and consists of approximately 79 acres. The Agency is developing sections of the land for sale to prospective businesses. Various legal, surveying, engineering, and other development costs are capitalized as incurred. At December 31, 2018, the accumulated costs recorded on the Agency's books associated with the land total \$519,263.

Depreciation of office equipment and signs and mailboxes is recognized on a straight-line basis over the estimated useful lives of the assets, five and ten years, respectively.

Accounts Receivable, Restricted

The Agency considers accounts receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when the determination is made. The Agency has no stated policy for deeming receivables to be delinquent and no interest is charged to receivables.

Cash and Cash Equivalents

The Agency considers all checking, savings, and certificate of deposit accounts with a maturity of three months or less to be cash equivalents for purposes of the statement of cash flows.

Cash and cash equivalents at December 31, 2018, are as follows:

	Industrial Development Agency	Civic Development Corp. (Component Unit)
Operating cash	\$ 706,617	\$ 20,388
Escrow cash	600	-
Total cash and cash equivalents	\$ 707,217	\$ 20,388

Use of Estimates

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

Restricted Resources

It is the Agency's policy to first use restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements

December 31, 2018

**Industrial Development Revenue Bond and Note Transactions**

Industrial Development revenue bonds and notes issued by the Agency are secured by property which is leased to companies and is retired by lease payments. The bonds and notes are not obligations of the Agency or the State of New York. The Agency does not record the assets or liabilities resulting from completed bonds and notes issued in its accounts, since its primary function is to arrange the 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.

The Agency receives an administration fee calculated as a percentage of the amount of bonds issued or cost of the project in the case of a straight lease transaction, in addition to reimbursements for any legal costs incurred by the Agency. Such administrative fee income is recognized immediately upon the closing of the project.

Industrial Development revenue bonds and notes outstanding as of December 31, 2018, total \$8,761,407. Civic Development bonds and notes outstanding as of December 31, 2018, total \$29,084,146.

**Cash and Investments**

The Agency's investment policies are governed by State statutes. 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 U.S. Agencies, repurchase agreements, and obligations of New York State or its localities. At December 31, 2018, the Agency had no investments.

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. While the Agency does not have a specific policy for custodial credit risk, New York State statutes govern the Agency's investment policies, as described above.

The Agency's insured and collateral status of the year-end bank balances were as follows:

	Industrial Development Agency	Civic Development Corp. (Component Unit)
Covered by Federal Deposit Insurance	\$ 250,000	\$ 20,388
Collateralized with securities held by third-party custodian for the benefit of the Agency, pursuant to a three-party custody agreement	457,645	-
	\$ 707,645	\$ 20,388

The Agency does not typically purchase investments of a duration long enough to cause it to believe that it is exposed to any material interest rate risk. The Agency does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements

December 31, 2018

**Note Receivable**

Note receivable consisted of the following as of December 31, 2018:

On April 1, 2014, entered into an agreement on an installment sale of land in the amount of \$42,500, with 0% interest, commencing on October 1, 2014, semi-annual payments of \$4,250 through April 1, 2019.	\$ 4,250
Less: current portion	<u>(4,250)</u>
Long-term receivable, net of current portion	<u><u>\$ -</u></u>

**Capital Assets and Organization Costs**

Capital assets at December 31 are comprised as follows:

	Balance January 1, 2018	Additions	Retirements/ Disposition	Balance December 31, 2018
Land	\$ 519,263	\$ -	\$ -	\$ 519,263
Office equipment	2,851	-	(1,237)	1,614
Sign and mailboxes	7,584	-	-	7,584
	<u>529,698</u>	<u>-</u>	<u>(1,237)</u>	<u>528,461</u>
Less: accumulated depreciation	<u>(10,283)</u>	<u>(247)</u>	<u>1,332</u>	<u>(9,198)</u>
Capital assets, net	<u><u>\$ 519,415</u></u>	<u><u>\$ (247)</u></u>	<u><u>\$ 95</u></u>	<u><u>\$ 519,263</u></u>

Depreciation expense for 2018 was \$247.

The CDC recorded \$7,756 for organization costs upon its creation. As of December 31, 2018, the organization cost recorded on the books of the CDC was \$4,138, net of accumulated amortization of \$3,618. Amortized organization expense for 2018 was \$517.

**Restricted Assets**

At December 31, 2018, restricted assets consisted of the following:

Accounts receivable for PILOT payments owed to other governments	<u>\$ 21,238</u>
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COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements

December 31, 2018

**Subsequent Events**

The Agency has evaluated all events through August 20, 2019, the date which these financial statements were available to be issued, and determined that there are no subsequent events which required disclosure.

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  
Counties of Warren and Washington  
Industrial Development Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component unit of the Counties of Warren and Washington Industrial Development Agency, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Counties of Warren and Washington Industrial Development Agency's basic financial statements, and have issued our report thereon dated August 20, 2019.

**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 Counties of Warren and Washington Industrial Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Counties of Warren and Washington Industrial Development 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify one deficiency in internal control, described in the accompanying Schedule of Findings and Responses that we consider to be a significant deficiency (2018-001).

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Counties of Warren and Washington Industrial Development Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 three instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items (2018-002, 2018-003, and 2018-004).

### **Counties of Warren and Washington Industrial Development Agency's Response to Findings**

The Counties of Warren and Washington Industrial Development Agency's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Counties of Warren and Washington Industrial Development Agency's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Whittemore, Downen & Ricciardelli, LLP*

Whittemore, Downen & Ricciardelli, LLP  
Queensbury, New York

August 20, 2019

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Schedule of Findings and Responses  
(Schedule 1)

December 31, 2018

<u>Number</u>	<u>Finding/Noncompliance</u>
2018-001	<p><u>Criteria</u> – Payroll filings to the Internal Revenue Service should be accurate.</p> <p><u>Condition</u> – Upon reconciliation procedures it was noted that the actual payroll amounts that were filed with the IRS for the forms W-3 and quarterly 941's were both under reported by approximately \$300.</p> <p><u>Context</u> – During audit procedures it was noted that there was an issue with payroll.</p> <p><u>Effect</u> – Internal Revenue Filings were under reported.</p> <p><u>Cause of Condition</u> – Oversight.</p> <p><u>Recommendation</u> – All payroll filings to the Internal Revenue Service should be reviewed by a member of the Board before filing.</p> <p><u>Views of Responsible Officials and Planned Corrective Actions</u> – WWIDA was calculating Payroll and all forms manually. WWIDA has now purchased the payroll module from QuickBooks and will be using Q Payroll to calculate Payroll. In addition, we have a CPA on retainer who will review Payroll Federal and State filings prior to submission.</p>
2018-002	<p><u>Criteria</u> – PARIS filing for the Public Authority Accountability Act should be filed on an annual basis within 90 days after the end of its fiscal year.</p> <p><u>Condition</u> – The PARIS report has not been filed.</p> <p><u>Context</u> – The PARIS report is late.</p> <p><u>Effect</u> – The PARIS report is late.</p> <p><u>Cause of Condition</u> – Due to an issue with the Agencies' accounting system, all accounts needed to be reconciled prior to the audit being performed.</p> <p><u>Recommendation</u> – The PARIS report should be filed as soon as possible.</p> <p><u>Views of Responsible Officials and Planned Corrective Actions</u> – WWIDA in reviewing the financials with our CPA found some issues with entries in our accounting system. We then retained a CPA to review and correct those entries. In the future we will be having our CPA review the books on a monthly basis to ensure they are correct. Therefore, there will be no delay in submitting our financials for the Independent Audit required by the PARIS submission and will ensure PARIS is submitted on the correct time period</p>

COUNTIES OF WARREN AND WASHINGTON  
INDUSTRIAL DEVELOPMENT AGENCY

Schedule of Findings and Responses  
(Schedule 1)

December 31, 2018

<u>Number</u>	<u>Finding/Noncompliance</u>
2018-003	<p><u>Criteria</u> – A grant agreement between the IDA and CDC should be authorized by both Boards.</p> <p><u>Condition</u> – As a follow up to the Public Authorities Budget Office review findings, it was noted that there was no grant agreement in place between the IDA and the CDC for the transfer of funds to the IDA from the CDC during 2018.</p> <p><u>Context</u> – No agreement was in place before the transfer of funds.</p> <p><u>Effect</u> – The funds of the CDC could be spent in a manner not in accordance with the CDC's bylaws.</p> <p><u>Cause of Condition</u> – Oversight.</p> <p><u>Recommendation</u> – A grant agreement between the CDC and the IDA should be authorized by both entities.</p> <p><u>Views of Responsible Officials and Planned Corrective Actions</u> – The WWIDA has put an Agreement in place for this oversight. In the future we will not be doing a grant for this transfer. Instead we will be billing the CDC for the expenses incurred in performing actions for them such as staff time, office rent, and other expenses shared by the WWIDA and WWCDC. In the case of direct expenses to the CDC they will continue to be paid by the CDC.</p>
2018-004	<p><u>Criteria</u> – Section 874 (5) of General Municipal Law states that PILOT payments that are delinquent are subject to a late payment penalty of five percent of the amount due.</p> <p><u>Condition</u> – As a follow up to the Public Authorities Budget Office review findings, it was noted that the penalty for delinquent PILOT payments was not being calculated correctly.</p> <p><u>Context</u> – General Municipal Law not correctly applied.</p> <p><u>Effect</u> – The municipalities received less than the amount stipulated by General Municipal Law for penalties for delinquent PILOT payments.</p> <p><u>Cause of Condition</u> – Oversight.</p> <p><u>Recommendation</u> – Ensure that the required penalty rate for delinquent PILOT payments is correct.</p> <p><u>Views of Responsible Officials and Planned Corrective Actions</u> – Going forward the entity will ensure the penalty payments are correct and remitted to the taxing municipality.</p>