

COUNTIES OF WARREN AND WASHINGTON
INDUSTRIAL DEVELOPMENT AGENCY & CIVIC DEVELOPMENT CORPORATION

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The resumed March Board Meeting for Warren Washington Industrial Development Agency and Civic Development Corporation was held on Friday, March 26th, 2021 via Zoom from 1:00 – 1:18 p.m. The following were:

<i>PRESENT:</i>	Dave O'Brien	Chairman
	Ginny Sullivan	Member
	Dan Bruno	Member
	Michael Bittel	Sec/Treasurer
	Craig Leggett	Vice Chairman
	Mike Grasso	Member
	Brian Campbell	Park Chair
	Mike Wild	At-Large Member

<i>ABSENT:</i>	Bruce Ferguson	Member
	Nick Caimano	Member

The following were also present:

Kara Lais, Esq.	FitzGerald Morris Baker Firth, PC
Colin Combs	WDR
Minutes were taken by:	Alie Weaver, Office Administrator

New Business:

2020 Audit Review – Mr. O'Brien introduced Mr. Colin Combs, Certified Public Accountant from WDR, who prepared the IDA and CDC audits for 2020.

Mr. Combs referred to the financial statements that had been sent to the members prior the meeting. He summarized the report provided, noting the comparison between 2019 and 2020. He stated that outside of the IDA dewatering site land acquisition, there was nothing substantial to report from the previous year.

Mr. Combs noted that the 2020 Form 990 for the CDC was also filed with Taxation and Finance.

Mr. Bruno made a motion to accept the 2020 IDA and CDC audit reports and Mr. Leggett seconded. All voted in favor by voice vote.

Irving Consumer Products Resolution – Mr. O'Brien stated that the resolution to sign the project property back over to Irving Consumer Products had been sent to the members for review prior to the meeting.

Mr. Bittel made a motion to approve the resolution and Mr. Leggett seconded. All voted in favor by voice vote.

Adjournment:

There being no further business, Mr. O'Brien adjourned the March 26th Board Meeting.

COUNTIES OF WARREN AND WASHINGTON
INDUSTRIAL DEVELOPMENT AGENCY

Independent Auditor's Report

Financial Statements
and Supplementary
Information

Year Ended December 31, 2020

DRAFT

COUNTIES OF WARREN AND WASHINGTON
INDUSTRIAL DEVELOPMENT AGENCY

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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, 2020, 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, 2020, 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 March 23, 2021 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 solely 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 the effectiveness of the Counties of Warren and Washington Industrial Development Agency's 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, Downen & Ricciardelli, LLP

Whittemore, Downen & Ricciardelli, LLP
Queensbury, New York

March 23, 2021

COUNTIES OF WARREN AND WASHINGTON INDUSTRIAL DEVELOPMENT AGENCY

Management's Discussion and Analysis For the Year Ended December 31, 2020

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, 2020. Please read it in conjunction with the Agency's financial statements.

HIGHLIGHTS

Financial Highlights:

- Total current IDA assets were decreased by \$9,574 and net capital and other assets increased by \$35,171 from 2019.
- PILOT Project Revenues in the amount of \$1,404,552 were collected and disbursed to taxing jurisdictions throughout the Counties of Warren and Washington.

Agency Highlights:

- The Agency is working to acquire land for development along the Hudson River near Lock 8 in Washington County.
- During 2020 the Agency granted sales tax exemptions to KDBF Ventures, LLC and Glens Falls Housing Authority.

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, 2020

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 \$1,233,284 as of December 31, 2020.

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, 2020

The following tables present a summary of the Agency's and Corporation's derivation of net position for the fiscal years ended December 31, 2020 and 2019.

Table 1

	2020			2019	
	Industrial Development Agency	Civic Development Corp. (Component Unit)		Industrial Development Agency	Civic Development Corp. (Component Unit)
Total Current Assets	\$ 687,603	\$ 15,519	Total Current Assets	\$ 697,177	\$ 17,919
Total Capital Assets (net)	554,088	3,104	Total Capital Assets (net)	519,263	3,621
Total Other Assets	936	-	Total Other Assets	590	-
Total Assets	1,242,627	18,623	Total Assets	1,217,030	21,540
Total Liabilities	9,343	-	Total Liabilities	8,904	-
Net Investment in Capital Assets	554,088	3,104	Net Investment in Capital Assets	519,263	3,621
Unrestricted	679,196	15,519	Unrestricted	688,863	17,919
Total Net Position	\$ 1,233,284	\$ 18,623	Total Net Position	\$ 1,208,126	\$ 21,540

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

	2020			2019	
	Industrial Development Agency	Civic Development Corp. (Component Unit)		Industrial Development Agency	Civic Development Corp. (Component Unit)
Total Operating Revenues	\$ 131,879	\$ 240	Total Operating Revenues	\$ 112,041	\$ -
Total Operating Expenses	101,185	3,157	Total Operating Expenses	127,508	2,986
Net Operating Revenue (Expenses)	30,694	(2,917)	Net Operating Revenue (Expenses)	(15,647)	(2,986)
Net Non-Operating Revenue (Expenses)	(5,536)	-	Net Non-Operating Revenue (Expenses)	(7,563)	-
Increase (Decrease) in Net Position	25,158	(2,917)	Increase (Decrease) in Net Position	(23,030)	(2,986)
Net Position at Beginning of Year	1,208,126	21,540	Net Position at Beginning of Year	1,231,156	24,526
Net Position at End of Year	\$ 1,233,284	\$ 18,623	Net Position at End of Year	\$ 1,208,126	\$ 21,540

COUNTIES OF WARREN AND WASHINGTON INDUSTRIAL DEVELOPMENT AGENCY

Management's Discussion and Analysis For the Year Ended December 31, 2020

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:

	2020	2019
Land	\$ 554,088	\$ 519,263
Office equipment, signs, mailboxes less accumulated depreciation	-	-
Capital Assets (net)	\$ 554,088	\$ 519,263

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, 2020

ASSETS	Industrial Development Agency	Civic Development Corp. (Component Unit)
Current Assets:		
Cash and cash equivalents	\$ 685,100	\$ 15,519
Prepaid expenses	2,503	-
Total Current Assets	<u>687,603</u>	<u>15,519</u>
Noncurrent Assets:		
Escrow cash	936	-
Organization cost, net of amortization	-	3,104
Capital assets, net	554,088	-
Total Noncurrent Assets	<u>555,024</u>	<u>3,104</u>
Total Assets	<u>1,242,627</u>	<u>18,623</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	670	-
Other liabilities	1,173	-
Total Current Liabilities	<u>1,843</u>	<u>-</u>
Noncurrent Liabilities:		
Deposits held	7,500	-
Total Noncurrent Liabilities	<u>7,500</u>	<u>-</u>
Total Liabilities	<u>9,343</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	554,088	3,104
Unrestricted	679,196	15,519
Total Net Position	<u>\$ 1,233,284</u>	<u>\$ 18,623</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, 2020

	Industrial Development Agency	Civic Development Corp. (Component Unit)
Operating Revenues:		
Charges for services	\$ 131,191	\$ -
Reimbursements	688	240
	<u>131,879</u>	<u>240</u>
Total Operating Revenues		
	<u>131,879</u>	<u>240</u>
Operating Expenses:		
Personal services	22,732	-
Contractual expenses	71,514	2,640
Payroll taxes	6,939	-
Amortization	-	517
	<u>101,185</u>	<u>3,157</u>
Total Operating Expenses		
	<u>101,185</u>	<u>3,157</u>
Total Operating Income (Loss)	<u>30,694</u>	<u>(2,917)</u>
Non-Operating Revenues (Expenses):		
Use of money and property	6,875	-
Real property tax expense	(12,411)	-
	<u>(5,536)</u>	<u>-</u>
Total Non-Operating Revenues (Expenses)		
	<u>(5,536)</u>	<u>-</u>
Increase (Decrease) in Net Position	25,158	(2,917)
Net Position - Beginning of Year	<u>1,208,126</u>	<u>21,540</u>
Net Position - End of Year	<u>\$ 1,233,284</u>	<u>\$ 18,623</u>

See Independent Auditor's Report and Notes

COUNTIES OF WARREN AND WASHINGTON
INDUSTRIAL DEVELOPMENT AGENCY

Statement of Cash Flows

Year Ended December 31, 2020

	Industrial Development Agency	Civic Development Corp. (Component Unit)
Cash Flows From Operating Activities:		
Cash received from providing services	\$ 139,366	\$ 240
Cash payments contractual expenses	(78,124)	(2,640)
Cash payments personal services and payroll taxes	(29,602)	-
Net Cash Provided (Used) by Operating Activities	31,640	(2,400)
Cash Flows From Investing Activities:		
Proceeds from sale of investment	382,797	-
Interest income	1,852	-
Net Cash Provided (Used) by Investing Activities	384,649	-
Cash Flows From Non-Capital and Financing Activities:		
Real property taxes	(12,411)	-
Net Cash Provided (Used) by Non-Capital and Financing Activities	(12,411)	-
Cash Flows From Capital and Related Financing Activities:		
Payments for capital assets	(34,825)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(34,825)	-
Net Increase (Decrease) in Cash and Cash Equivalents	369,053	(2,400)
Cash and Cash Equivalents - Beginning of Year	316,983	17,919
Cash and Cash Equivalents - End of Year	\$ 686,036	\$ 15,519

See Independent Auditor's Report and Notes

COUNTIES OF WARREN AND WASHINGTON
INDUSTRIAL DEVELOPMENT AGENCY

Statement of Cash Flows

Year Ended December 31, 2020

	<u>Industrial Development Agency</u>	<u>Civic Development Corp. (Component Unit)</u>
Reconciliation of Operating Income (Loss) to Net Cash		
Provided (Used) by Operating Activities:		
Operating Income (Loss)	\$ 30,694	\$ (2,917)
Adjustments to Reconcile Operating Income (Loss) to Net Cash		
Provided (Used) by Operating Activities:		
Amortization	-	517
(Increase) Decrease in:		
Accounts receivable	675	-
Prepaid expenses	(168)	-
(Decrease) Increase in:		
Accounts payable	(7,130)	-
Other liabilities	69	-
Deposits held	7,500	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 31,640</u>	<u>\$ (2,400)</u>

See Independent Auditor's Report and Notes

COUNTIES OF WARREN AND WASHINGTON
INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements

December 31, 2020

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, 2020

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, 2020, the accumulated costs recorded on the Agency's books associated with the land total \$554,088.

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

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. At December 31, 2020, the Agency had no accounts receivable.

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, 2020, are as follows:

	Industrial Development Agency	Civic Development Corp. (Component Unit)
Operating cash	\$ 685,100	\$ 15,519
Escrow cash	936	-
Total cash and cash equivalents	\$ 686,036	\$ 15,519

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, 2020

Summary of Significant Accounting Policies – Continued

COVID-19 Financial Statement Impacts

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Agency is closely monitoring its business partners and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Agency's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact the Agency's financial position and changes in net position and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

Industrial Development and Civic 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, 2020, total \$7,305,763.
Civic Development revenue bonds and notes outstanding as of December 31, 2020, total \$26,097,411.

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, 2020, 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.

COUNTIES OF WARREN AND WASHINGTON
INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements

December 31, 2020

Cash and Investments – Continued

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

	Industrial Development Agency	Civic Development Corp. (Component Unit)
Covered by Federal Deposit Insurance	\$ 250,000	\$ 15,519
Collateralized with securities held by a third-party custodian for the benefit of the Agency, pursuant to a three-party custody agreement	439,193	-
	<u>\$ 689,193</u>	<u>\$ 15,519</u>

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.

Capital Assets and Organization Costs

Capital assets at December 31 are comprised as follows.

	Balance January 1, 2020	Additions	Retirements/ Dispositions	Balance December 31, 2020
Land	\$ 519,263	\$ 34,825	\$ -	\$ 554,088
Office equipment	1,614	-	-	1,614
Signs and mailboxes	7,584	-	-	7,584
	528,461	34,825	-	563,286
Less: accumulated depreciation	(9,198)	-	-	(9,198)
Capital assets, net	<u>\$ 519,263</u>	<u>\$ 34,825</u>	<u>\$ -</u>	<u>\$ 554,088</u>

Depreciation expense for 2020 was \$-.

The CDC recorded \$7,756 for organization costs upon its creation. As of December 31, 2020, the organization cost recorded on the books of the CDC was \$3,104, net of accumulated amortization of \$4,652. Amortized organization cost for 2020 was \$517.

COUNTIES OF WARREN AND WASHINGTON
INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements

December 31, 2020

Rent

The Agency rents office space from an unrelated third party on a month-to-month basis at \$600 per month. Rent expense is \$7,800 for the year ended December 31, 2020, and is included in contractual expenses in the statement of revenues, expenses and changes in net position.

Subsequent Events

The Agency has evaluated all events through March 23, 2021, the date which these financial statements were available to be issued, and determined that there are no subsequent events which require disclosure.

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**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 discretely presented component unit of the Counties of Warren and Washington Industrial Development Agency, as of and for the year ended December 31, 2020, 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 March 23, 2021.

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) as a basis for designing 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. 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 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 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 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

March 23, 2021

DRAFT

**RESOLUTION APPROVING OF THE TERMINATION OF THE LEASE
AGREEMENTS AND PAYMENT IN LIEU OF TAX AGREEMENT BY AND
BETWEEN THE AGENCY AND IRVING TISSUE, INC. AND AUTHORIZING THE
EXECUTION AND DELIVERY OF THE SAME**

WHEREAS, Irving Tissue, Inc. (the "Company") is a business corporation organized pursuant to the laws of the State of Delaware with its principal office for the transaction of business at 1 Eddy Street, Fort Edward, New York 12828; and

WHEREAS, the Agency and the Company entered into an Underlying Lease Agreement (the "Underlying Lease"), a Lease Agreement (the "Lease") and a Payment in Lieu of Tax Agreement (the "PILOT"), all as of December 22, 2009, in regard to a certain parcel of land (the "Property") located at 1 Eddy Street, Fort Edward, New York 12828 (Tax Map # 163.17-4-41.1), as more particularly defined therein; and

WHEREAS, all payments due and payable under the PILOT have been paid as of the date hereof and there are currently no outstanding water and sewer charges and assessments; and

WHEREAS, the Company is not currently in default of any of the terms and provisions of the Lease or the PILOT; and

WHEREAS, by its terms the Lease Agreement and PILOT have been terminated.

NOW, THEREFORE, BE IT RESOLVED

1. That the Agency does hereby agree to the termination of said Underlying Lease Agreement dated December 22, 2009 by and between the Agency and the Company and further agrees to terminate, of record, the Memorandum of Underlying Lease Agreement pursuant to Section 291-c of the Real Property Law dated December 22, 2009 and recorded in the Washington County Clerk's Office on December 23, 2009 in Book 2783 at Page 20.
2. That the Agency does hereby agree to the termination of said Lease Agreement dated December 22, 2009 by and between the Agency and the Company and further agrees to terminate, of record, the Memorandum of Lease pursuant to Section 291-c of the Real Property Law dated December 22, 2009 and recorded in the Washington County Clerk's Office on December 23, 2009 in Book 2783 at Page 30.
3. That the Agency does hereby agree to the termination of the Payment in Lieu of Tax Agreement dated December 22, 2009 by and between the Agency and the Company.

4. That the Agency does hereby authorize the Chairman of the Agency, or in the absence of the Chairman, the Vice-Chairman, upon advice and consent of Agency Counsel, to execute and deliver, on behalf of the Agency, the termination of the Underlying Lease and Lease, the termination of the PILOT, NYS Forms TP-584, and any other documents necessary to consummate the transaction.
5. This Resolution shall take effect immediately.

Ayes: _____
Nays: _____
Absent: _____
Abstain: _____