

***TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY***

FINANCIAL STATEMENTS

DECEMBER 31, 2018

TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Town of Clifton Park
Industrial Development Agency
Clifton Park, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Town of Clifton Park Industrial Development Agency (the "Agency") which comprise the statement of net position as of December 31, 2018, and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2018, and the changes in its financial position and its 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

Management has omitted management's discussion and analysis. Such information is not a required part of the basic financial statements but is supplemental information 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. Our opinion on the basic financial statements is not modified with respect to this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2019 on our consideration of the entity'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 the 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 entity's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
March 26, 2019

TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF NET POSITION
DECEMBER 31, 2018

Assets

Assets:

Cash	\$ 280,701
Prepaid Expenses	<u>2,141</u>
Total Assets	<u><u>\$ 282,842</u></u>

Liabilities and Net Position

Accounts Payable	\$ 1,863
Net Position, Unrestricted	<u>280,979</u>
Total Liabilities and Net Position	<u><u>\$ 282,842</u></u>

TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018

Revenues:

Administrative Fees, Net	\$ 14,094
Interest Income	<u>130</u>
Total Revenues	<u>14,224</u>

Expenses:

Administrative Fees	15,000
Professional Fees	7,063
Insurance	2,141
Dues and Subscriptions	2,205
Conferences	<u>4,056</u>
Total Expenses	<u>30,465</u>

Change in Net Position	(16,241)
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Net Position, Beginning of Year	<u>297,220</u>
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Net Position, End of Year	<u><u>\$ 280,979</u></u>
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TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

Cash Flows from Operating Activities:

Receipts from Customers	\$ 14,094
Interest Income	130
PILOT Payments Received	118,293
Payments to Vendors	(28,602)
PILOT Payments Paid	<u>(118,293)</u>

Cash Used In Operating Activities (14,378)

Cash, Beginning of Year 295,079

Cash, End of Year \$ 280,701

Reconciliation of Operating Income to Net Cash
Used In Operating Activities:

Change in Net Position	\$ (16,241)
Adjustments to Reconcile Change in Net Position to Net Cash Used In Operating Activities:	
Change in Operating Assets and Liabilities	
Accounts Payable	<u>1,863</u>
Cash Used In Operating Activities	<u><u>\$ (14,378)</u></u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

The Town of Clifton Park Industrial Development Agency (the “Agency”) was created in 1980 under the provisions of Chapter 630 of the General Municipal Laws of 1980 of the State of New York for the purpose of encouraging economic growth in the Town of Clifton Park, New York (the “Town”). The Agency, although established by the Clifton Park Town Board, is a separate entity and operates independently of the Town.

The Agency’s function is to authorize the issuance of industrial revenue bonds and leases for industrial development projects and to assist businesses in acquiring or constructing various facilities in order to provide job opportunities and increase economic welfare. In return for its efforts, the Agency receives application and closing fees related to this business financing.

A summary of the significant accounting policies applied in the accompanying financial statements follows.

Accounting Method

The Agency’s financial statements are prepared using the accrual basis of accounting with accounting principles generally accepted in the United States of America (GAAP) for public authorities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and financial reporting treatment applied to the Agency is determined by its measurement focus. The transactions of the Agency are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included in the statement of net position.

Estimates

In preparing financial statements in accordance with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

Cash

The Agency’s investment policy and statutes authorize the Agency to maintain deposits with FDIC-insured commercial banks located within the state. The Agency is authorized to use demand accounts, money market accounts and certificates of deposit. Collateral is required for all deposits not covered by federal deposit insurance. As of December 31, 2018, all funds of the Agency were insured or collateralized.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenue is generated from project application, administration fees and interest income. Revenue is recognized when earned, and expenses are recognized when incurred. The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues are determined based on the services provided by the Agency. Operating expenses include the costs associated with providing those services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Agency has a support and marketing agreement with Saratoga Economic Development Corporation (SEDC) to split fees collected by the Agency for financial assistance provided on behalf of SEDC applicants.

Industrial Revenue Bonds and Straight Lease Transactions

Certain industrial development revenue bonds and straight leases issued by the Agency are secured by property which is leased to companies and is retired by those payments. The bonds and straight leases are not obligations of the Agency, the Town or New York State. The Agency does not record the assets or liabilities resulting from completed bonds and straight leases issued in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond and lease holders, and funds arising there from are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives administrative fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and leases. At December 31, 2018 the outstanding balance of bonds was \$0.

Tax Status

The Agency is exempt from federal, state, and local income taxes.

Subsequent Events

In preparing the financial statements and notes thereto, the Agency considered subsequent events or transactions as to any potential material impact on operations or financial position occurring through March 26, 2019, the date the financial statements were available to be issued. No such events were identified.

2. FEE SHARING AGREEMENT

The Agency has an agreement with SEDC in which administrative fees for project costs up to \$10 million are shared equally and administrative fees for project costs from \$10 million to \$20 million are shared with 75% to the Agency and 25% to SEDC. Fees shared with SEDC amounted to \$12,094 and were reported as an offset to administrative fee income in the statement of revenues, expenses and changes in net position.

**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***

Board of Directors
Town of Clifton Park
Industrial Development Agency
Clifton Park, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of Clifton Park Industrial Development Agency, as of and for the year ended December 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated March 26, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Clifton Park Industrial Development 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Clifton Park Industrial Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Clifton Park 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town of Clifton Park Industrial Development Agency'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 Town of Clifton Park 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 two instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* as follows:

PARIS Reporting: The annual PARIS financial report is due by March 31 annually. The current year's report was not filed timely.

General municipal law requires the IDA to have an investment policy. The IDA has not adopted such a policy.

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 Town of Clifton Park Industrial Development Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Clifton Park Industrial Development Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
March 26, 2019

TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF CURRENT YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2018

2018-1 Good Practices

Many agencies, in their annual organizational meeting, reaffirm their policies, such as:

- Conflict of Interest
- Property Disposition Policy
- Procurement Policy
- Investment Policy
- Authorized Bank Accounts

We recommend that management consider annual reaffirmation of these policies.

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH INVESTMENT GUIDELINES FOR PUBLIC AUTHORITIES**

To the Board of Directors
Town of Clifton Park Industrial Development Agency
Clifton Park, New York

We have examined the Town of Clifton Park Industrial Development Agency (the "IDA"), compliance with Section 2925(3) of the New York State Public Authorities Law and Part 201 of Title Two of the New York Code of Rules and Regulations during the year ended December 31, 2018. Management is responsible for the IDA's compliance with those requirements. Our responsibility is to express an opinion on the IDA's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining, on a test basis, evidence supporting the IDA's compliance with those requirements and performing such other procedures we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the IDA's compliance with specific requirements.

The IDA has not adopted an investment policy in accordance with general municipal law. Therefore we were unable to form an opinion on the IDA's compliance.

This report is intended solely for the information and use of the Board of Directors, management, and certain New York State Departments and Agencies. It is not intended to be and should not be used by anyone other than those specified parties.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
March 26, 2019