

**COUNTY OF CLINTON
INDUSTRIAL DEVELOPMENT AGENCY**

FINANCIAL STATEMENTS

December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

Trent Trahan, Chairperson
County of Clinton Industrial Development Agency
Plattsburgh, New York

Report on the Financial Statements

We have audited the accompanying statements of net position of the County of Clinton Industrial Development Agency (CCIDA) as of December 31, 2019 and December 31, 2018, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the CCIDA'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the CCIDA as of December 31, 2019 and December 31, 2018, and the respective changes in financial position and cash flows thereof for the years 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 the Management's Discussion and Analysis on page 3 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 the 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 July 17, 2020 on our consideration of the CCIDA's internal controls over financial reporting and our tests of their 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 CCIDA's internal controls over financial reporting and compliance.

MARTINDALE KEYSOR & CO., PLLC

Plattsburgh, New York
July 17, 2020

County of Clinton Industrial Development Agency
137 Margaret Street, Suite 209
Plattsburgh, NY 12901

Management's Discussion and Analysis
For the Year Ended December 31, 2019

The following Management's Discussion and Analysis of the financial position of the County of Clinton Industrial Development Agency (the "Agency") provides an overview of the Agency's financial activities for the year ended December 31, 2019. The MD&A should be read in conjunction with the Agency's financial statements and related notes.

The Mission of the Agency is to improve economic prosperity by undertaking and supporting projects that foster investment, job creation or job preservation in Clinton County, enhance workforce development and training opportunities for its residents, and provide for the general health and well-being of the people of Clinton County (the "County"). The Agency seeks projects that not only elevate the overall standard of living for County residents but also meet full regulatory requirements and investment criteria.

Financial Highlights

At the close of the most recent fiscal year, assets exceeded liabilities for the Agency by \$399,261 for a 69% increase from the prior year. Revenue over \$310,000 was realized from executing closing on several projects, most notably two projects for Schluter Systems totaling in excess of \$230,000, as well as Delaware River Solar, Vilas Home, and Trustworthy, LLC.

Overview of Financial Statements

The statements of net assets and the statements of activities report information about the Agency as a whole and about its activities. These statements include assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Agency's net assets and changes in assets from one year to the next. The Agency's net assets, the difference between assets and liabilities, are one way to measure the Agency's financial health, or financial position. Over time, increases or decreases in the Agency's net assets are one indicator of whether its financial health is improving or deteriorating. Consideration should also be given to other factors, such as changes in the Agency's fee income and fluctuation of the Agency's expenses, to assess the overall health of the Agency.

Notes to Financial Statements

The financial statements also include notes that explain the information in the financial statements. They are essential to a full understanding of the data provided in the financial statements.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Revenue over \$310,000 was realized from executing closing on several projects, most notably two projects for Schluter Systems totaling in excess of \$230,000, as well as Delaware River Solar, Vilas Home, and Trustworthy, LLC.

The Agency's fiscal year 2019 revenues totaled \$310,782. Fee income was the primary source of revenue and was generated as a result of the Schluter Systems, Delaware River Solar, Vilas Home, and Trustworthy, LLC projects.

Fees from one project application resulted in application income of \$1,500 in 2018. Fees from six project applications resulted in application income of \$9,000 in 2019.

The Agency's fiscal year 2019 expenses totaled \$163,536. This amount reflects an increase of \$103,825 from the previous year. Most of the increase resulted by virtue of the fact that in 2018, the Agency's contract with Clinton County commenced in September of that year; the contract's duration ran for the entirety of 2019. Upon renewal of the contract in September 2019, an amendment for an additional annual stipend amount of \$2,500 (prorated) for administrative support was added. In addition, legal fees increased by \$25,000. Most of the increase was due to the creation of the Clinton Grant Facilitation Corporation in 2019.

Contacting the Agency's Administration

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Agency's finances and to show the accountability for the money received. If you have questions about this report or need additional financial information, contact Trent Trahan, Chairman, County of Clinton IDA, 137 Margaret Street, Suite 209, Plattsburgh, NY 12901.

COUNTY OF CLINTON INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF NET POSITION
December 31, 2019 and 2018

	2019	2018
ASSETS		
Cash	\$ 399,261	\$ 236,595
Total Assets	\$ 399,261	\$ 236,595
 LIABILITIES		
Accounts Payable	\$ 10,000	\$ 580
Due To Clinton County	10,000	4,000
Total Liabilities	20,000	4,580
 NET POSITION		
Unrestricted	379,261	232,015
Total Liabilities And Net Position	\$ 399,261	\$ 236,595

The accompanying notes should be read in conjunction with these financial statements.

**COUNTY OF CLINTON INDUSTRIAL DEVELOPMENT AGENCY
 STATEMENTS OF REVENUES, EXPENSES,
 AND CHANGES IN NET POSITION
 For the Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
REVENUES		
Fee Income	\$ 301,782	\$ 245,227
Application Income	<u>9,000</u>	<u>1,500</u>
Total Revenues	<u>310,782</u>	<u>246,727</u>
 EXPENSES		
Administrative Fees	120,000	47,029
Legal and Professional	31,000	5,750
Other Operating Expenditures	<u>12,536</u>	<u>6,932</u>
Total Expenses	<u>163,536</u>	<u>59,711</u>
 CHANGE IN NET POSITION	 147,246	 187,016
 NET POSITION, Beginning Of Year	 <u>232,015</u>	 <u>44,999</u>
 NET POSITION, End Of Year	 <u>\$ 379,261</u>	 <u>\$ 232,015</u>

The accompanying notes should be read in conjunction with these financial statements.

COUNTY OF CLINTON INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received For Administrative Services	\$ -	\$ 10,000
Cash Received For Administrative Fees	301,782	245,727
Cash Received For Application Fees	9,000	1,500
Cash Payments For SPP Study	-	(34,000)
Cash Payments For Administrative Services	(110,000)	(67,029)
Cash Payments For General Expenses	<u>(38,116)</u>	<u>(9,475)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>162,666</u>	<u>146,723</u>
NET CHANGE IN CASH	162,666	146,723
CASH, Beginning	<u>236,595</u>	<u>89,872</u>
CASH, Ending	<u><u>\$ 399,261</u></u>	<u><u>\$ 236,595</u></u>
Reconciliation of Change in Net Position to Net Cash Used by Operating Activities:		
Change In Net Position	\$ 147,246	\$ 187,016
Adjustments To Reconcile Change In Net Position To Net Cash Used By Operating Activities:		
(Increase) Decrease In:		
Due From CCCRC	-	10,000
Accounts Receivable	-	500
Increase (Decrease) In:		
Accounts Payable	9,420	(23,643)
Due To Clinton County	6,000	(20,000)
Deposit	<u>-</u>	<u>(7,150)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 162,666</u></u>	<u><u>\$ 146,723</u></u>

The accompanying notes should be read in conjunction with these financial statements.

**COUNTY OF CLINTON INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

1. NATURE OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The accounting policies of the County of Clinton Industrial Development Agency (CCIDA), conform to generally accepted accounting principles. Policies outlined here, and in other notes, include all policies considered significant.

County of Clinton Industrial Development Agency was formed in 1971 as a public benefit corporation by action of the New York State Legislature. The purpose is to promote the sale and development of land and buildings for industrial development purposes jointly with The Development Corporation. The Agency has issued both tax-exempt and taxable industrial development revenue bonds pursuant to Title 1 of Article 18-A of the General Municipal Law of the State of New York. The CCIDA is governed by a Board which comprises seven members who are appointed by the Clinton County Legislature. The Board is responsible for the general management and control of the financial and operational affairs.

In an agreement with Clinton County, for an established annual fee, the County of Clinton provides all necessary administrative services to the Agency.

Financial Reporting Entity:

In evaluating how to define the Agency for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the Agency's reporting entity is based on several criteria set forth in accounting standards, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following entities are included in the Agency's financial statements:

Clinton Industrial Development Acquisition, LLC

During 2012 the County of Clinton Industrial Development Agency formed a new Limited Liability Company (Clinton Industrial Development Acquisition, LLC) to acquire and market the former Wyeth/Pfizer research facility in Chazy, NY. In conjunction with this a reimbursable grant for \$1,200,000 was obtained from the state of New York. See Note 3 for further details. There has been no activity for the LLC since 2015.

Clinton Grant Facilitation Corporation (CGFC)

In March 2019, the CCIDA formed the CGFC, a not-for-profit local development corporation under Section 402 and 411 of the Not-For-Profit Corporation Law of the State of New York. The CGFC was formed to:

- a) promote community and economic development and the creation of jobs for the citizens of Clinton County, New York (the County), by facilitating the economic development of the County and the adjoining counties of Essex and Franklin (collectively, the "Grant Area") through the receipt and administration of gifts, grants, loans, or contributions relating to the Grant Area;
- b) undertake projects and activities within the Grant Area for the purpose of relieving and reducing unemployment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the citizens of the County by attracting new industries to the Grant Area or by encouraging the development of, or retention of, an industry in the Grant Area, and lessening the burdens of government and acting in the public interest;

COUNTY OF CLINTON INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
(Continued)

- c) assist the CCIDA in its efforts to help achieve the purposes in paragraph a) and b) above; and
- d) enter into contracts with any other economic development organizations to help achieve the purposes in paragraphs a), b), and c) above.

The CCIDA is the sole member of the CFGC. The Directors of the CGFC are appointed by the CCIDA. While the CGFC is a separate legal entity, its governing board is made up of the CCIDA's officers and directors and the two entities share common management and staff. In accordance with accounting standards, the CFGC is presented as a blended component unit of the CCIDA in the accompanying financial statements. The CGFC had no activity in 2019.

Taxes on Income

As a municipal entity, the CCIDA is an exempt organization for income tax purposes.

Donated Services

The value of donated services (Agency members) is not reflected in the accompanying financial statements, because no objective basis is available to measure the value of such services.

Events Occurring After Reporting Date

The Companies have evaluated events and transactions that occurred between December 31, 2019 and July 17, 2020, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

Cash

Cash consists of one checking account held at a local financial institution.

Accounts Receivable

Accounts receivable are valued at estimated realizable value. Uncollectible accounts are charged directly to expense based upon management's analysis. No provisions have been made for uncollectible accounts as management believes they will ultimately be collected.

Payment in Lieu of Taxes (PILOT)

The CCIDA enters into and administers PILOT agreements for various unrelated business entities located in Clinton County. Under the terms of the PILOT agreements, title to property owned by the unrelated business entity is transferred to the CCIDA for a certain period of time. The assisted business typically agrees to make PILOTS, which generally are significantly less than the real property taxes which are abated. As part of the program, the CCIDA generates fees for administering the PILOT agreement. These fees are reported as fee income in the Combined Statements of Revenues, Expenses, and Changes in Net Position.

Industrial Revenue Bond and Note Transactions

Certain industrial development revenue bonds and notes issued by the CCIDA are secured by property, which is leased to companies and is retired by lease payments. The bonds and notes are not obligations of the CCIDA or the County. The CCIDA does not record the assets or liabilities resulting from completed bond and note issues 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. For providing this service, the CCIDA receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and notes.

COUNTY OF CLINTON INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Related Party

The Clinton County Capital Resource Corporation (CCCRC) was formed in 2010 by the County of Clinton under Section 1411 of the Not-for-Profit Corporation Law of New York State for the purpose of promoting the sale and development of land and buildings for nonprofit entity development purposes jointly with The Development Corporation. The Organization is authorized to issue both tax-exempt and taxable industrial development revenue bonds pursuant to Title 1 of Article 18-A of the General Municipal Law of the State of New York.

The CCCRC is a not-for-profit local development corporation of which Clinton County is the sole member. The County's Board appoints the CCCRC's governing board of directors. The CCCRC is exempt from federal, state, and local income taxes.

The respective Boards of the CCIDA and the CCCRC are substantially the same and activities are closely related.

2. RELATED PARTY TRANSACTIONS

Administrative fees paid to Clinton County for the year ending December 31, 2019 were \$120,000. This amount is reported as administrative fees expense on the Combined Statements of Revenues, Expenses, and Changes in Net Position. In addition, \$4,000 was incurred for each of the years ending December 31, 2019 and 2018 for the billing, collection, and disbursement of PILOT agreements by Clinton County. These amounts are reported as other operating expense on the Combined Statements of Revenues, Expenses, and Changes in Net Position.

Administrative fees paid to Clinton County for the year ending December 31, 2018 was \$40,000. In addition, \$7,029 was paid to the former Executive Director acting as an independent contractor for the year ending December 31, 2018. These amounts are reported as administrative fees expense on the Combined Statements of Revenues, Expenses, and Changes in Net Position.

3. NYS GRANT AND FORMATION OF RELATED LLC

In March of 2012, the County of Clinton Industrial Development Agency (the "Agency") created the Clinton Industrial Development Acquisition, LLC (the "LLC") for the express purpose of (1) temporarily holding the former Pfizer Research facility located at 641 Ridge Road in Chazy, New York (the "Facility"), and (2) insulating the Agency from the environmental and other liabilities that might have jeopardized the existence of the Agency were the Agency to own the Facility in its own name, rather than in the name of a captive LLC. The Agency is the sole member and is the manager of the LLC. The Agency determined that the proposed disposition is within the purpose, mission and governing statutes of the Agency, and thus is exempted from public advertising for bids pursuant to PAL Section 2897(6)(c)(v) and from obtaining fair market value pursuant to PAL Section 2897(7)(a)(ii).

It was, however, the decision of the board of directors to not retain this property as a long term asset. The facility was accepted only in conjunction with a NYS Grant which allowed the Agency to finance the annual maintenance of the property. In 2013 the property was transferred to an independent purchaser and the grant terminated.

COUNTY OF CLINTON INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
(Continued)

4. CONTINGENT LIABILITIES

The CCIDA is contingently liable for legal fees related to a proposed major project at the Plattsburgh Airbase Redevelopment Corporation. Should the project not happen, the CCIDA could owe \$150,000 in legal fees. The completion status of this project is unknown at the date of these financial statements.

5. CONCENTRATION OF CREDIT RISK

The Agency's investment policies are governed by New York State statutes. There were no investments at December 31, 2019 or 2018. All deposits are carried at fair value.

CCIDA maintains all cash balances in one financial institution in Plattsburgh, NY. All accounts are insured by the FDIC up to \$250,000. CCIDA's balances in excess of the FDIC insurance limit totaled \$149,426 at December 31, 2019. Management believes the CCIDA is not exposed to any significant credit risk with respect to cash.

6. DUE TO CLINTON COUNTY

Due to Clinton County represents the amount due for administrative and other services provided by the County and totaled \$10,000 and \$4,000 at December 31, 2019 and 2018, respectively.

**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**

Trent Trahan, Chairperson
County of Clinton Industrial Development Agency
Plattsburgh, New York

We have audited, 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, the financial statements of the County of Clinton Industrial Development Agency (CCIDA) as of December 31, 2019, and the related notes to the financial statements, which collectively comprise the CCIDA's basic financial statements, and have issued our report thereon dated July 17, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CCIDA'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 CCIDA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CCIDA'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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 were not identified. 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.

**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
(Continued)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CCIDA's financial statements are free of 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 result 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.

MARTINDALE KEYSOR & CO., PLLC

Plattsburgh, New York
July 17, 2020

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

Trent Trahan, Chairperson
County of Clinton Industrial Development Agency
Plattsburgh, New York

We have audited the financial statements of the County of Clinton Industrial Development Agency (CCIDA) as of December 31, 2019, and our report thereon dated July 17, 2020, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Public Authorities Reporting Information System, December 31, 2019 Annual Report – Schedule of Authorities Debt and IDA Projects are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

MARTINDALE KEYSOR & CO., PLLC

Plattsburgh, New York
July 17, 2020