

*CITY OF MECHANICVILLE TOWN OF STILLWATER
INDUSTRIAL DEVELOPMENT AGENCY*

FINANCIAL STATEMENTS

DECEMBER 31, 2022

*CITY OF MECHANICVILLE TOWN OF STILLWATER
INDUSTRIAL DEVELOPMENT AGENCY
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
City of Mechanicville Town of Stillwater
Industrial Development Agency

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities of the City of the Mechanicville Town of Stillwater Industrial Development Agency (the "Agency") as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City of Mechanicville Town of Stillwater Industrial Development Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Agency as of December 31, 2022, and the respective changes in its financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Mechanicville Town of Stillwater Industrial Development Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Mechanicville Town of Stillwater Industrial Development Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Mechanicville Town of Stillwater Industrial Development Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Mechanicville Town of Stillwater Industrial Development Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2023 on our consideration of the City of Mechanicville Town of Stillwater 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 the effectiveness of the City of Mechanicville Town of Stillwater 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 City of Mechanicville Town of Stillwater Industrial Development Agency'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 20, 2023

CITY OF MECHANICVILLE TOWN OF STILLWATER
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF NET POSITION
DECEMBER 31, 2022

Assets

Assets:	
Cash	\$ 143,903
Total Assets	<u>\$ 143,903</u>

Net Position

Net Position:	
Unrestricted	\$ 143,903
Total Net Position	<u>\$ 143,903</u>

*CITY OF MECHANICVILLE TOWN OF STILLWATER
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022*

Revenues:	
Administrative Fees	\$ <u>1,750</u>
Program Expenses:	
Professional Fees	8,315
Miscellaneous	<u>3,353</u>
Total Expenses	<u>11,668</u>
Change in Net Position	(9,918)
Net Position, Beginning of Year	<u>153,821</u>
Net Position, End of Year	<u>\$ 143,903</u>

*CITY OF MECHANICVILLE TOWN OF STILLWATER
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022*

Cash Flows Provided by (Used in) Operating Activities:	
Administrative Fees Received	\$ 1,750
PILOTS Received	326,684
Payments to Vendors	(11,668)
PILOTS Paid	<u>(326,684)</u>
Net Cash Provided by Operating Activities	<u>(9,918)</u>
Change in Cash	(9,918)
Cash at Beginning of Year	<u>153,821</u>
Cash at End of Year	<u><u>\$ 143,903</u></u>

CITY OF MECHANICVILLE TOWN OF STILLWATER
INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

The City of Mechanicville Town of Stillwater Industrial Development Agency (the Agency) was created in 1980 by the respective Boards governing these municipalities under the provisions of Article 18-A of the General Municipal Law of the State of New York for the purpose of encouraging economic growth in the City of Mechanicville and Town of Stillwater. The governing boards of the municipalities appoint the Agency's governing board. The Agency is not considered a component unit of either municipality.

The Agency's function is to authorize the issuance of industrial development revenue bonds 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 in accordance with accounting principles generally accepted in the United States of America (GAAP) for public authorities. The Government 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 on the statement of net position.

Revenues are recognized when earned and expenses are recognized when incurred.

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.

CITY OF MECHANICVILLE TOWN OF STILLWATER
INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022, all of the Agency's deposits were fully insured.

Industrial Development Revenue Bonds and Note Transactions

Certain industrial development revenue bonds and notes issued by the Agency are secured by property which is leased to companies and is retired by these payments. The bonds and notes are not obligations of the Agency, the City, the Town, or New York State. 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 note holders, and funds arising therefrom are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and notes. There were no industrial bonds issued and outstanding at December 31, 2022.

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 20, 2023, the date the financial statements were available to be issued. No such events or transactions were identified.

2. FEE SHARING AGREEMENT

The Agency has an agreement with Saratoga Economic Development Corporation (SEDC) in which administrative fees for project costs up to \$10 million are shared equally, administrative fees for project costs from \$10 to \$20 million are shared with 75% to the Agency and 25% to SEDC and projects in excess of \$20 million are shared with 87.5% to the Agency and 12.5% to SEDC. During 2022 the Agency had no shared fees.

3. UNCERTAINTY

The United States is presently in the midst of a national health emergency related to a virus commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Agency and its future financial position and results of operations is not presently determinable.