

TOWN OF MONTGOMERY  
INDUSTRIAL DEVELOPMENT AGENCY  
MONTGOMERY, NEW YORK

AUDIT REPORT FOR THE YEAR ENDED  
DECEMBER 31, 2020

TOWN OF MONTGOMERY  
INDUSTRIAL DEVELOPMENT AGENCY  
DECEMBER 31, 2020

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## INDEPENDENT AUDITOR'S REPORT

To the Members of the Board  
Town of Montgomery Industrial Development Agency  
Montgomery, New York 12549

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of the Town of Montgomery 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 IDA'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 error or fraud.

### 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 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.

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Christopher E. Melley, CPA  
Gary C. Theodore, CPA  
Julia R. Fraino, CPA  
William T. Trainor, CPA  
Mark M. Levy, CPA, CFP  
Thomas R. Busse, Jr., CPA  
Brent T. Napoleon, CPA  
Jennifer L. Capicchioni, CPA  
Patrick M. Bullis, CPA  
Justin B. Wood, CPA

Richard P. Capicchioni, CPA  
Walter J. Jung, CPA  
Jennifer A. Traverse, CPA

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Town of Montgomery Industrial Development Agency as of December 31, 2020, and the 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 Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Montgomery IDA's financial statements. The Schedule of Supplemental Information – Straight Leases is presented for purposes of additional analysis and information and is not a required part of the basic financial statements.

The Schedule of Supplemental Information – Straight Leases has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on that schedule.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2021 on our consideration of the Town of Montgomery IDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* in considering Town of Montgomery IDA's internal control over financial reporting and compliance.



Montgomery, New York  
March 12, 2021

TOWN OF MONTGOMERY  
INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Town of Montgomery Industrial Development Agency's (the Agency) annual financial report presents an analysis of the Agency's financial performance during the fiscal year ended December 31, 2020. This information is presented in conjunction with the audited basic financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS FOR THE YEAR 2020**

- ❖ The Agency's net position increased by \$212,014 or 31% from \$684,912 to \$896,926.
- ❖ Operating revenues increased by \$246,487 from \$135,945 to \$382,432.
- ❖ Operating expenses increased by \$129,354 from \$41,064 to \$170,418.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of the following three parts; Management's Discussion and Analysis, Basic Financial Statements and Other Supplementary Information. The Financial Statements include notes which explain in detail some of the information included in the basic financial statements.

**REQUIRED FINANCIAL STATEMENTS**

The Financial Statements of the Agency report information utilizing the full accrual basis of accounting. The Financial Statements conform to accounting principles which are generally accepted in the United States of America. The Statement of Net Position includes information on the Agency's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Agency creditors (liabilities). The Statement of Activities identifies the Agency's revenues and expenses for the year ended December 31, 2020. This statement provides information on the Agency's operations over the past year and can be used to determine whether the Agency has operated in a surplus or deficiency. The third financial statement is the Statement of Cash Flows. This statement provides information on the Agency's cash receipts, cash payments and changes in cash resulting from operations, investments and financing activities. From the Statement of Cash Flows, the reader can obtain information on the source and use of cash and the change in the cash and cash equivalents balance for the year.

**FINANCIAL ANALYSIS OF THE AGENCY**

The Statement of Net Position and the Statement of Activities provide an indication of the Agency's financial condition and also indicate that the financial condition of the Agency has improved or deteriorated during the last year. The Agency's net position reflects the difference between assets and liabilities. An increase in net position over time typically indicates an improvement in financial condition.

TOWN OF MONTGOMERY  
INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**NET POSITION**

A summary of the Agency's Statements of Net Position is presented below.

Table 1  
Statements of Net Position

	<u>2020</u>	<u>2019</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<u>Current Assets</u>				
Cash	\$ 929,021	\$ 712,325	\$ 216,696	30.42%
Prepaid Expenses	-	1,500	(1,500)	-
<b>TOTAL ASSETS</b>	<u><u>\$ 929,021</u></u>	<u><u>\$ 713,825</u></u>	<u><u>\$ 215,196</u></u>	<u><u>30.15%</u></u>
<u>Current Liabilities</u>				
Accounts Payable	-	88	(88)	-100.00%
Accrued Expenses	10,700	5,200	5,500	105.77%
Due To Other Governments	-	23,625	(23,625)	-100.00%
Project Escrow Liability	21,395	-	21,395	-
<b>TOTAL LIABILITIES</b>	<u><u>32,095</u></u>	<u><u>28,913</u></u>	<u><u>3,182</u></u>	<u><u>11.01%</u></u>
<u>Net Position</u>				
Unrestricted Net Position	896,926	684,912	212,014	30.95%
<b>TOTAL NET POSITION</b>	<u><u>\$ 896,926</u></u>	<u><u>\$ 684,912</u></u>	<u><u>\$ 212,014</u></u>	<u><u>30.95%</u></u>

As the above table indicates, total assets increased by \$215,196 from \$713,825 to \$929,021 during the year ended December 31, 2020.

Total current liabilities increased by \$3,182 from \$28,913 to \$32,095 during the year ended December 31, 2020.

Table 2  
Statements of Activities

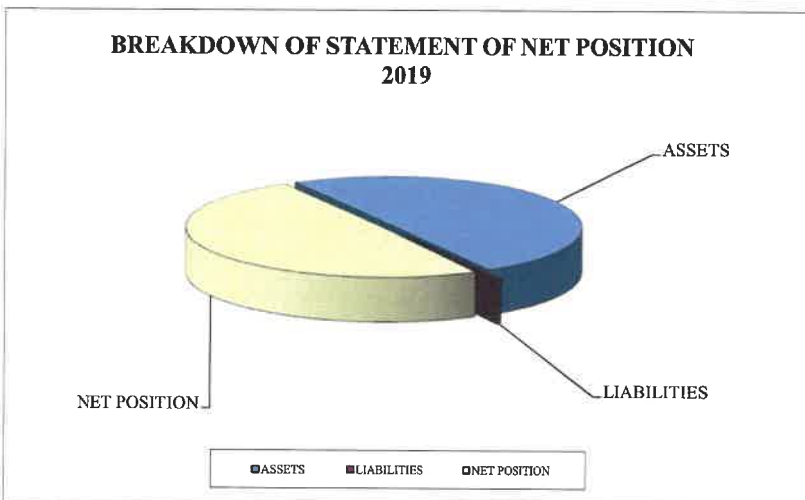
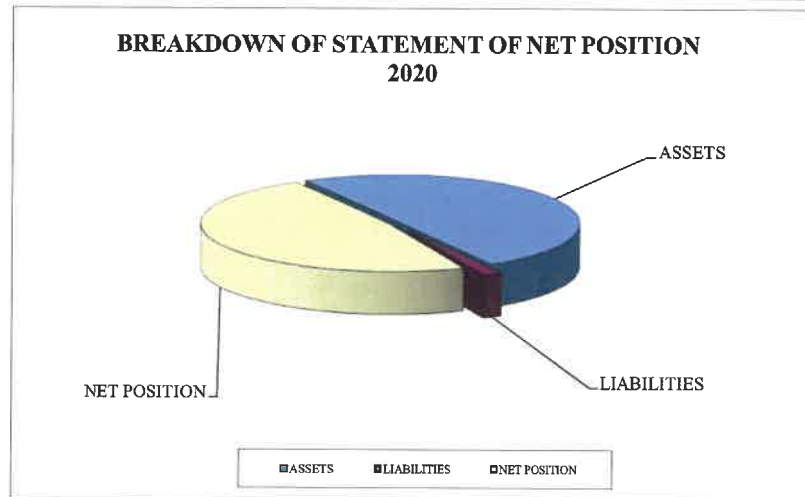
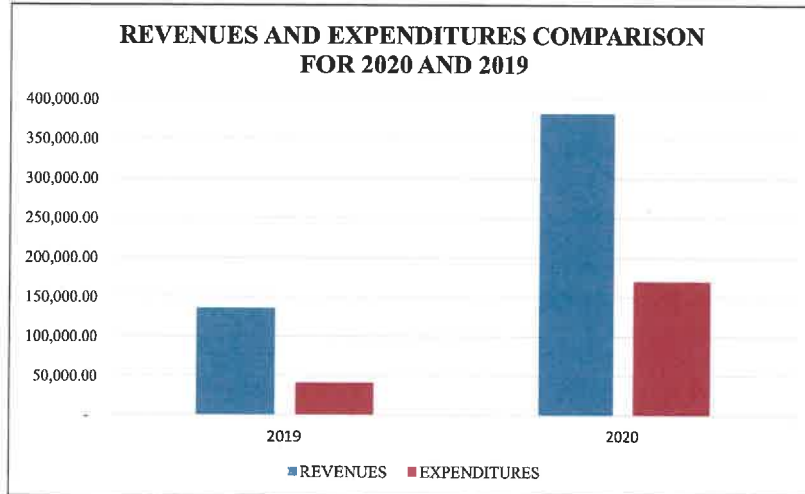
	<u>2020</u>	<u>2019</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
<b>TOTAL REVENUES</b>	<u><u>\$ 382,432</u></u>	<u><u>\$ 135,945</u></u>	<u><u>\$ 246,487</u></u>	<u><u>181.31%</u></u>
<b>TOTAL EXPENDITURES</b>	<u><u>\$ 170,418</u></u>	<u><u>\$ 41,064</u></u>	<u><u>\$ 129,354</u></u>	<u><u>315.01%</u></u>

The Statements of Activities identifies the various revenue and expense items which affect the change in net position. As the information in Table 2 indicates, revenues increased from \$135,945 to \$382,432 and expenditures increased from \$41,064 to \$170,418.

**TOWN OF MONTGOMERY  
INDUSTRIAL DEVELOPMENT AGENCY**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**GRAPHS AND SCHEDULES FOR 2020 AND 2019**



TOWN OF MONTGOMERY  
INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**ADDITIONAL FINANCIAL INFORMATION**

This financial report is designed to provide the Agency's customers, and other interested parties with an overview of the Agency's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Town of Montgomery Industrial Development Agency at 110 Bracken Road, Montgomery, New York 12549.



## SCHEDULE # 1

TOWN OF MONTGOMERY  
INDUSTRIAL DEVELOPMENT AGENCY  
MONTGOMERY, NEW YORK  
STATEMENT OF NET POSITION  
DECEMBER 31, 2020

ASSETS

Unrestricted Cash	\$ 929,021
TOTAL ASSETS	<u>929,021</u>

LIABILITIES

Accrued Expenses	10,700
Project Escrow Deposit Liability	<u>21,395</u>
TOTAL LIABILITIES	<u>32,095</u>

NET POSITION

Unrestricted	<u><u>\$ 896,926</u></u>
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See accompanying notes to financial statements

## SCHEDULE # 2

TOWN OF MONTGOMERY  
INDUSTRIAL DEVELOPMENT AGENCY  
MONTGOMERY, NEW YORK  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020

FUNCTIONS/ PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS	
IDA Operating Expenses	\$ 170,418	\$ -	\$ -	\$ 170,418
TOTAL FUNCTIONS AND PROGRAMS	\$ 170,418	\$ -	\$ -	\$ 170,418
<u>GENERAL REVENUES</u>				
Fees Charged				381,181
Use of Money and Property				1,251
TOTAL GENERAL REVENUES				382,432
CHANGE IN NET POSITION				212,014
TOTAL NET POSITION, BEGINNING OF YEAR				684,912
TOTAL NET POSITION, END OF YEAR				\$ 896,926

See accompanying notes to financial statements

TOWN OF MONTGOMERY  
INDUSTRIAL DEVELOPMENT AGENCY  
MONTGOMERY, NEW YORK  
BALANCE SHEET-GOVERNMENTAL FUND  
DECEMBER 31, 2020

ASSETS

CURRENT ASSETS

Cash	\$ 929,021
TOTAL ASSETS	<u>\$ 929,021</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accrued Expenses	10,700
Project Escrow Liability	<u>21,395</u>
TOTAL LIABILITIES	<u>\$ 32,095</u>

FUND BALANCE

Unassigned	<u>896,926</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 929,021</u>

See accompanying notes to financial statements

TOWN OF MONTGOMERY  
INDUSTRIAL DEVELOPMENT AGENCY  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED DECEMBER 31, 2020

REVENUES

Fees Charged	\$ 381,181	
Use of Money and Property	<u>1,251</u>	
TOTAL REVENUES		382,432

EXPENDITURES

Advertising	565	
Conferences	2,294	
Contracted Services	52,816	
Corridor Study	73,332	
Data Management	1,500	
Equipment	178	
Grants	2,991	
Live Streaming	7,330	
Miscellaneous	195	
Professional Services	26,962	
Stenographer	2,010	
Website	<u>245</u>	
TOTAL EXPENDITURES		<u>170,418</u>
EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES		212,014
FUND BALANCE, BEGINNING OF YEAR		<u>684,912</u>
FUND BALANCE, END OF YEAR		<u><u>\$ 896,926</u></u>

See accompanying notes to financial statements

TOWN OF MONTGOMERY  
INDUSTRIAL DEVELOPMENT AGENCY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOW FROM OPERATING ACTIVITIES

Increase in Net Position		\$ 212,014
Adjustments to Reconcile Increase (Decrease) in Net Position to Net Cash Provided by (Used by) Operations:		
(Increase) Decrease in Operating Assets:		
Prepaid	1,500	
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(88)	
Accrued Expense	5,500	
Due To Other Governments	(23,625)	
Project Escrow Deposits	21,395	
TOTAL ADJUSTMENTS		<u>4,682</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		216,696
CASH, BEGINNING OF YEAR		<u>712,325</u>
CASH, END OF YEAR		<u><u>\$ 929,021</u></u>

See accompanying notes to financial statements

TOWN OF MONTGOMERY  
INDUSTRIAL DEVELOPMENT AGENCY  
MONTGOMERY, NEW YORK  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020

Net change in fund balances-governmental fund	\$ 212,014
Adjustments	<u>-</u>
Change in net position of governmental activities	<u><u>\$ 212,014</u></u>

See accompanying notes to financial statements

TOWN OF MONTGOMERY  
INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULE OF SUPPLEMENTAL INFORMATION  
STRAIGHT LEASE  
FOR THE YEAR ENDED DECEMBER 31, 2020

<u>Real Property Tax</u>								
	<u>Grannell</u>	<u>Hudson Heritage Federal Credit Union</u>	<u>Kadzie, LLC %</u>	<u>Montgomery Group</u>	<u>Spruce Properties, LLC</u>	<u>Stewart Holdings</u>	<u>United Natural Foods, Inc</u>	
County	\$ 33,122	\$ 4,954	\$ 21,062	\$ -	\$ 8,108	\$ -	\$ 207,556	
Local	79,244	6,921	39,401	-	12,785	-	407,450	
School	199,893	29,895	224,991	33,180	48,931	82,674	1,252,609	
Total Tax	<u>\$ 312,259</u>	<u>\$ 41,770</u>	<u>\$ 285,454</u>	<u>\$ 33,180</u>	<u>\$ 69,824</u>	<u>\$ 82,674</u>	<u>\$ 1,867,615</u>	

Payments in Lieu of Taxes (PILOTS)

County	\$	17,417	\$	4,289	\$	13,948	\$	4,202	\$	114,868
Local		61,280		6,160		30,076		8,317		301,427
School		114,592		27,220		93,377		29,286		749,171
Total PILOTS	\$	193,289	\$	37,669	\$	137,401	\$	41,805	\$	1,165,466

Full Time Equivalent(FTE) Jobs Created and Retained

# of FTE Employees at Project Location Before IDA Status	0	4	76	40	0	1	0
Original Estimate of Jobs to be Created	23	4.5	23	32	10	17	362
Original Estimate of Jobs to be Retained	23	4.5	112	40	10	17	362
# of Current FTE Employees	20	5	194	79	28	2	399
# of FTE Construction Jobs Created During Fiscal Year	0	0	0	0	0	17	0

\* Has not responded to confirmation at this time

% = This entity has two PILOT arrangements and the figures are represented in aggregate.

TOWN OF MONTGOMERY  
INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

A. Reporting Entity

The Industrial Development Agency of the Town of Montgomery (the “Agency”) is a body, both corporate and politic, created for the purpose of encouraging economic growth in the Town of Montgomery.

The Agency is administered by a Board of Trustees (“Board”) that acts as the authoritative and legislative body of the entity. The Board is comprised of seven (7) board members who are appointed by the Town Board of the Town of Montgomery. Each Officer serves until such member dies, resigns or is replaced by resolution of the Town Board. No board members receive compensation for serving on the Board.

The Board of Trustees annually appoints the Chair(person) of the Board from existing board members. The Chair responsibilities are to preside at all meetings of the Board; be the chief officer of the Agency; perform all duties commonly incident to the position of presiding officer of a board, commission or business organization and exercise supervision over the business of the Agency.

The accompanying general purpose financial statements comply with the provisions of GASB Statement No. 14, “The Financial Reporting Entity”, in that the financial statements include all organizations, activities, and functions that comprise the Agency. Component units are legally separate entities for which the Agency (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization’s governing body and either (1) the Agency’s ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the Agency. Using these criteria, the Agency has no component units.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government.



TOWN OF MONTGOMERY  
INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

B. Government-wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they both measurable and available. Revenues are considered to be available when they are collectible with the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Grants and entitlements and interest associated with the current fiscal period are all considered being susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the IDA receives cash.

*Fund Accounting*

The Agency uses the general fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Agency only uses one governmental fund, the General Fund.

TOWN OF MONTGOMERY  
INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)

*Governmental Funds*

Governmental funds are those through which most governmental functions typically are financed. Government funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The Agency reports the following major governmental funds:

General Fund - The general fund is used to account for all financial resources of the Agency except those required to be accounted for in another fund. The general fund balance is available to the Agency for any purpose provided it is expended or transferred according to the general laws of New York and the bylaws of the Agency.

*Revenues - Exchange and Non-Exchange Transactions*

Revenue resulting from exchange transactions, in which each part gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year for the Agency, available means expected to be received within thirty-one days of year-end. Under the modified accrual basis, only interest is considered to be both measurable and available at year-end.

Non-exchange transactions, in which the Agency receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Agency must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Agency on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

TOWN OF MONTGOMERY  
INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

D. Capital Assets

Capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not.

*Expenses/Expenditures*

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decrease in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

E. Cash and Cash Equivalents

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 financial officer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, and obligations of New York State or its localities.

Collateral is suggested for demand deposits and certificates of deposit at a range of 100% or 105% of all deposits not covered by Federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Deposits and investments at year-end totaling \$929,021 are entirely covered by FDIC insurance or by collateral.

It is the Agency's policy to invest all extra cash into demand deposits and certificates of deposit.

TOWN OF MONTGOMERY  
INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

F. Net Position

Net position presents the difference between assets and liabilities in the statement of net position. Net position invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by Agency legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

G. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

H. New Accounting Standards

The IDA has adopted all Statements of the Governmental Accounting Standards Board (GASB) that are applicable.

NOTE 2. FIXED ASSETS

Fixed Assets consisted of the following at December 31, 2020:

	Balance at December 31, 2019	Additions	Deletions	Balance at December 31, 2020
Furnishings and Equipment	\$ 735	-	-	\$ 735
Less: Accumulated Depreciation	735	-	-	735
Total	\$ -	\$ -	\$ -	\$ -

TOWN OF MONTGOMERY  
INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 3. INTERMUNICIPAL AGREEMENT

During the year, an administrative services contract was put in place between the Town of Montgomery Industrial Development Agency and the Town of Montgomery. The Agency and the Town agree that the Town will provide certain services of the staff of the Department of Economic Development and Planning to act as the Executive Director of the Agency. The term of the current Agreement is for the period of April 27, 2020 through April 26, 2021. The Agency reimburses the Town for the full cost of the salary and benefits paid by the Town on behalf of the Executive Director.

NOTE 4. GRANT PROGRAM

During the year, the Governor of the State of New York signed legislation which enabled IDAs to provide grants to small business not to exceed \$10,000. The legislation was aimed at ensuring the short-term viability of small business and provided funding for them to acquire personal protective equipment or install equipment necessary to prevent the spread of COVID-19. The IDA gave \$2,991 in grant awards during the year.

NOTE 5. EVALUATION OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 12, 2021, the date the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment of or disclosure in the accompanying financial statements.



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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 THE FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Members of the Board  
Town of Montgomery Industrial Development Agency  
Montgomery, N.Y. 12549

Peter J. Bullis, CPA, FACFEI, DABFA  
Norman M. Sassi, CPA  
Christopher E. Melley, CPA  
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Patrick M. Bullis, CPA  
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Richard P. Capicchioni, CPA  
Walter J. Jung, CPA  
Jennifer A. Traverse, CPA

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 governmental activities of the Town of Montgomery IDA, as of and for the year ended December 31, 2020 and the related notes to the financial statements, which collectively comprise Town of Montgomery IDA's basic financial statements and have issued our report thereon dated March 12, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Town of Montgomery IDA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Montgomery IDA's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Montgomery IDA's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency, identified as finding 2020-1.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town of Montgomery IDA'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*.

### **Town of Montgomery IDA's Response to Findings**

Town of Montgomery IDA's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Town of Montgomery IDA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.



Montgomery, New York  
March 12, 2021



TOWN OF MONTGOMERY  
INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of Auditor's Report Issued: Unqualified

Internal Control Over Financial Reporting:

Material weakness(es) identified? \_\_\_ Yes    X No

Significant deficiencies identified that are  
not considered to be material weaknesses X Yes    \_\_\_ No

Noncompliance material to financial statements noted? \_\_\_ Yes    X No

SECTION II FINANCIAL STATEMENT FINDINGS

**Finding 2020-01      Limited Segregation of Duties**

Condition:            The auditor found instances where segregation of duties was limited. Limitations in control activities may be addressed through additional management oversight. Through interviews with management and staff we were able to satisfy ourselves that direct involvement and knowledge of these activities reduced the potential for errors or irregularities.

Criteria:             Segregation of duties relates to how various duties are assigned to different people within the organization. Generally, the responsibility for authorizing transactions, recording transactions, and maintaining custody of assets should be assigned to different people so that no single person is in a position to both commit and conceal errors, irregularities or fraud.

Cause:                Limited resources and personnel available contribute directly to the level of segregation achieved. Another factor is the organizational structure and the assignment of responsibilities within that structure.

Effect:                The financial statements could have been significantly misstated due to errors or irregularities and fraud or misappropriation could occur and not be detected without adequate segregation of duties and responsibilities.

Recommendation:    We recommend that the management review the responsibilities of business staff, as well as the duties actually being performed currently. This review should focus on segregating the functions for authorizing transactions, recording transactions, and maintaining custody of assets. As part of this review, management should consider whether the current staffing level is sufficient to achieve the desired internal control. It may be necessary to hire additional staff.



TOWN OF MONTGOMERY  
INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2020

SECTION II FINANCIAL STATEMENT FINDINGS (Continued)

Management's Response

As communicated in previous years, Management agrees and has indicated that the following measures are in place to mitigate the lack of segregation of duties.

- Minutes of meetings were transcribed via audio recordings. Written minutes were subsequently reviewed and approved by the entire Board of the Agency.
- Financial records were reported at each Board meeting by the Treasurer. The Treasurer's reports were reviewed and approved by the entire Board.
- Checks for the Agency require signatures of two authorized officers.
- Committees of the Agency were fully staffed and reviewed actions and rules of the Agency as required.

The Agency understands the importance for the need for segregation of incompatible duties and are considering additional measures which would further address the finding.