

## **Saratoga County Industrial Development Agency**

### **Annual Report FY 2007 (April 2008)**

#### **1) Operations and Accomplishments**

The Saratoga County Industrial Development Agency's Administrative needs are met by the C.E.O. an independent contractor pursuant to a professional service contract. The CEO is assisted in these duties by the Assistant administrator who also serves as senior planner for the County of Saratoga. The Agency contracts with the county on an annual basis for the provision of office and storage space, supplies and services as needed.

#### **Compliance with Public Authorities Accountability Act (PAAA)**

The Agency established an Audit committee and governance committee and appointed members on January 7, 2007. the governance committee provided the county Board of Supervisors with written recommendations regarding the skills and experience future board members should possess. The Audit Committee met with the CEO, independent auditor, and C.F.O (appointed 4/9/7), on April 26, 2007. The Audit Committee reported to the full Board on 05/04/07 and recommended approval of its charter which was unanimously adopted by Resolution #946.

The board authorized the CEO and auditor to attend a NYSDEC conference on the requirements of the PAAA.

At its April 9, 2007 meeting the board adopted Amended By-Laws, an Ethics Code, a Whistleblower Policy and a Property Disposition Policy. An ethics officer and contracting officer were also appointed.

Agency Policies can be found on its web site:  
[www.saratogacountyida.org](http://www.saratogacountyida.org).

#### **Required Training**

Six of the seven Agency board members have completed their required training. The most recent appointee (01/07) has registered for the April 25<sup>th</sup> training session sponsored by CUNY.

## **Budgets**

Agency annual operating budgets for 2006-2008 can be examined on its web site.

A report on 2007 revenues/expenditures, assets and liabilities is contained herein.

## **Moreau Rail Spur**

In 1996 the Agency purchased an inactive Rail Spur in the town of Moreau formerly owned by the Delaware & Hudson Railroad Company. The 4.5+/- mile spur connects the Canadian Pacific main freight line with the village of South Glens Falls and the Moreau Industrial Park. In December 2006 the Board authorized issuance of an RFP to engage an engineering firm to conduct an inventory analysis and cost estimate to restore the rail spur to active service. A firm was hired on January, 2007 and presented the results of its study to the Board on 04/09/07.

## **Employment**

The assistant administrator reported the results of two field verification visits of SCIDA companies, e-nfrastructure confirmed current employment at 145 FTE vs. the estimated 105 submitted in the company's 2006 application. Sysco Frozen Storage reported FTE's in 2007 at 548 vs. 552 in 2007.

## **2) Projects Undertaken**

A project is defined as the granting of financial assistance by the SCIDA to a private business entity or a not-for-profit corporation. The assistance provided may be the issuance of tax exempt bonds resulting in a lower interest rate or the granting of sales, mortgage or real property tax abatements. The SCIDA does not directly loan money to companies. The bulk of transactions today involve straight lease transactions in which a lending institution provides a conventional loan, the repayment of which is backed entirely by the credit of the company.

In February following a public hearing the Agency adopted an inducement Resolution in favor of Perry Textiles, dba Soft Tex from leased premises in Cohoes with Agency assistance. The company purchased a 120,000 sq. foot facility on Rtes. 4 & 32, Halfmoon,

NY where it has relocated its current employees numbering 77. The Company estimates employment will increase by 23 over the next 2 years. The total financing by conventional means was \$3.3 million dollars.

In March the Agency adopted an Inducement Resolution on behalf of General Schuyler Emergency Corp a 501(3)(c) corp which proposes to construct a new emergency service facility of 8,000 SF on Rte. 29, town of Saratoga. It is anticipated that a civic facility Bond in the amount of \$2.1 million would be issued in 2008.

In September the Agency approved a request by Marini Builders to construct a 15,400 SF addition to the existing Fortress Partners (Creatacor) facility in the town of Halfmoon. There was no financial assistance provided by the Agency for the addition.

In October the Agency authorized the issuance of tax exempt civic facility bonds in favor of Saratoga Hospital in the aggregate amount of thirty-five million dollars to fund a major expansion of the Hospital's emergency room facilities (58,000 SF) and extensive improvements to satellite facilities in the towns of Malta and Wilton.

Also in October the Agency adopted an inducement Resolution on behalf of Architectural Glass & Mirror to assist this growing company in the construction of a \$2.5 million dollar, 30,000 SF facility in the town of Halfmoon. Agency granted benefits were expressly limited to sales and mortgage tax abatements for the project.

In December the Agency approved an Inducement Resolution for Saratoga Eagle a beverage distributor proposing to move from leased quarters in Queensbury to a new facility to be constructed at the W.J. Grande Industrial Park in Saratoga Springs. The Company's twelve-million dollar project includes the purchase of 27 acres and construction of a 107,300 SF regional distribution facility. There are over 100 FTE's currently with a projected increase of 50 FTE's over the next two years.

### **Completed Projects**

Financial assistance in the form of real property tax abatements may be provided by the Agency over a specific time period by accepting title to the property from the company. Once the

abatement period is completed the Agency reconveys title back to the company and the property is returned to Roll Section 1 (taxable).

In 2007 the following properties completed their tax abatement period and were returned to the taxable roll.

Prime Hospitality Corp, Saratoga Springs  
 Ace Hardware, Wilton  
 Saratoga Flour, Wilton  
 South Street School, (Reserve America), Ballston Spa  
 Scott Finch Landfill Partnership, Northumberland

**Revenues and Expenditures FY 2007**

**Revenues**

1)	Fees	
	a)	Application \$1,500.00
	b)	Administration \$196,794.00
2)	Interest	\$76,301.00
3)	Northern Electric Power Co., Moreau Reimbursement	<u>\$25,800.00</u>
	TOTAL	\$300,395.00

**Expenditures**

1)	Contractural	
	a.	C.E.O. \$22,500.00
	b.	Auditor \$2,000.00
	c.	Saratoga County Administrative Services \$22,500.00
	d.	Saratoga Economic Development Corp; Fee Split \$79,188.00
2)	Moreau Rail Spur Engineering Study	\$9,750.00
3)	a)	Distribution Quad Graphics 2005 city PILOT \$56,165.00
	b)	Interest \$673.00
4)	Computer & Software	\$1,629.00
5)	Grant: Saratoga County Planning Conf. (2007)	\$1,907.00
6)	Account Charges	\$73.00
7)	Seminars	\$250.00
8)	Membership/dues/subscriptions	\$932.00

9) Annual Dinners		\$375.00
10) Rail Spur Rental		\$25.00
11) Web Site		\$190.00
12) Insurance		<u>\$3,625.00</u>
	Total	\$201,782.00
	Increase in Fund Balance	\$103,185.00

**4. Assets & Liabilities**

**Assets**

<u>Acct. #</u>	<u>Description</u>	<u>Amount</u>
1000	Cash-Checking (BSNB)	\$59,526.00
1100	Cash-Savings (SNBT)	\$41,110.00
1200	Certificate of Deposit	\$1,354,114.00
1500	Receivable – SEDC (Luther)	\$649,660.00
1750	Fixed Assets – Rail Spur	<u>\$132,400.00</u>
	Total Assets	\$2,236,810.00

**Compensation Schedule**

The SCIDA has no employees whose salary is in excess of \$100,000.

**5. Property held by the Agency**

The SCIDA is the fee owner of an inactive industrial rail spur in the town of Moreau.

This rail line formerly owned by the Delaware and the Hudson Railroad Company was purchased by the SCIDA in 1996 in order to preserve the capability to provide rail service to the Moreau Industrial Park and Industrial properties in the village of South Glens Falls. The line beginning just south of NYS Rte. 197 where it connects to the main line of the Canadian Pacific Railway company runs north approximately 4.37 miles to the former Encore Paper plant (now SCA Tissue), in the village of South Glens Falls.

Previously, the line also served the Chase Bag Paper Co. via a Fennimore branch running east from its juncture with South Glens Falls branch.

The Rail Spur was purchased in April 1996 for \$108,000 based on a 1995 professional appraisal commissioned by the Agency. An engineering study to determine the estimated capital cost to restore the line to active service was completed in 2007.

The Agency has no intention to dispose of its property at this time.

6. INDEPENDENT AUDITOR'S REPORT

FREDETTE, SANKOWSKI & COMPANY  
Certified Public Accountants

Brian T. Fredette, CPA

RSOF  
Walter W. Sankowski CPA  
INSTITUTE OF CERTIFIED

Richard D. Soellner, CPA

MEMBER  
AMERICAN  
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ACCOUNTANTS  
THE NEW  
YORK  
STATE  
SOCIETY  
OF  
CERTIFIED  
PUBLIC  
ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Agency Officers and Members  
Saratoga County Industrial Development Agency

We have audited the accompanying summary statement of net assets of the Saratoga County Industrial Development Agency included in the annual report filing as of December 31, 2007 and the related summary statement of revenues, expenses and changes in net assets for the year then ended. These financial statements are the responsibility of the Saratoga County Industrial Development Agency management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the government standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities and Functions issued by the U.S. General Accounting Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Saratoga County Industrial Development Agency as of December 31, 2007 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the \_ financial statements taken as a whole. The information for project companies included in pages 16-61 of the annual report are presented for purposes of additional analysis and are not a required part of the financial statements of the Saratoga County Industrial Development Agency. Certain information as further described in the second and third paragraphs of note 7 to the financial statements has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

May 9, 2008

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*Fredette, Sankowski + Company*

SARATOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements  
December 31, 2007

1. Summary of Significant Accounting Policies

The financial statements of the Saratoga County Industrial Development Agency (Agency) have been prepared in conformity with generally accepted accounting principles. Significant accounting policies are:

Organization and Purpose - The Agency was created in 1971 by the Saratoga County Board of Supervisors under the provisions of General Municipal Law Article 18-A of New York State for the purpose of encouraging economic growth in the County of Saratoga. The Agency is exempt from Federal, New York and local income taxes. The Agency, although established by the Saratoga County Board of Supervisors, is a separate entity and operates completely independent of the County of Saratoga.

Basis of Accounting The accounts of the Agency are maintained on the accrual basis of accounting.

2. Industrial Revenue Bond and Note Transactions

All of the industrial development revenue bonds and notes issued by the Agency are secured by property which is leased to companies and is retired by lease payments. The bonds and notes are not obligations of the Agency or the State. The Agency does not record assets or liabilities resulting from completed bond and note issues in its accounts because 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 conduit financing service, the Agency receives bond administration fees from the borrowing companies. Such administrative fee income is recognized upon the closing and issuance of bonds, notes or straight lease transactions. At December 31, 2007 the outstanding financing balance of bonds and notes (issued in the name of the Agency) of the borrowing companies on open projects was \$115,934,924 (see page #12 of the annual report)

The Agency has not issued any of its own obligations through December 31, 2007.

SARATOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
Notes to Financial Statements, Continued  
December 31, 2007

3. Receivables

Receivable at December 31, 2007 from Luther Forest Technology Campus EDC	\$649,661
Receivable for transcript of proceedings from a project company	<u>213</u>
	<u>\$649,874</u>

The Luther Forest Technology Campus EDC (LFTC EDC), is an entity which will develop sites and serve as the conduit for funding for a high-tech research and development park in two Saratoga County Towns. In 2007 the LFTC EDC prepared an agreement between it and the Agency by which the LFTC EDC assumed the obligations of the Saratoga Economic Development Corporation (SEDC) for the repayment of the consolidated loan amount (set forth in the next paragraph) under all of the same terms. The responsibility for repayment of this loan is now solely with the LFTC EDC as the agreement released SEDC from any obligation for repayment.

The Agency loaned amounts to SEDC during 2001, 2003 and 2004 for the development of the high-tech research and development park. The total of these loans (\$649,661) was consolidated into one loan agreement in 2004. The prevailing prime interest rate was to be assessed to the aggregate principal balance beginning August 1, 2004, however in 2005 the Agency agreed to delay the required payment of interest. In 2006 the Agency, through a forbearance agreement with SEDC, agreed to the effect of delaying the need for SEDC to make interest payments with the stipulation that interest will continue to accrue in accordance with the loan agreement. The Agency has elected to record any interest it receives under this agreement as revenue when it is received. The consolidated loan balance shall be repaid to the Agency from proceeds (amounts to be negotiated by the parties) generated by the sale of property options or land sales until the loan is repaid in full.

SARATOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
Notes to Financial Statements, Continued  
December 31, 2007

4. Property of the Agency Fixed Assets

The Agency constructed a rail spur for one of its borrowing companies under a New York Rail Transportation Bond Act grant (\$132,400 project cost) in a prior year. Construction of the rail spur was administered by the New York State Department of Transportation. Under the terms of the grant the Agency has agreed to maintain the rail spur for 30 years. As part of the Agency's agreement, the lessee was required to secure a letter of credit on behalf of the Agency to maintain the rail spur.

The Agency developed land (Moreau Rail Acquisition Project) in prior years in the amount of \$293,738. Under an agreement between the Agency and the taxing jurisdiction it was agreed that \$258,000 would be repaid to the Agency as reimbursement of the cost of the land development. Such payments were made from the collection of payments in lieu of taxes in the taxing jurisdiction. The last of ten payments of \$25,800 was received by the Agency in 2007. The net acquisition cost of this rail acquisition project was \$35,738 and represents the balance of recorded fixed assets.

5. Investment of Cash

The Agency's investment policies are governed by New York Statutes. In addition, the Agency has its own investment policy. Agency monies must be deposited in FDIC insured commercial banks or trust companies located in New York State in demand, savings, money market accounts and certificates of deposit. Collateral is required for all invested funds not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and the State and its municipalities and school districts.

Deposits at December 31, 2007 totaled \$1,454,749 and all were covered by FDIC insurance or collateral investments, as required.

6. Net Assets and Commitments

In 2006 the Agency committed \$75,000 toward a public infrastructure grant in an industrial park in Saratoga County. No amounts have been paid from this grant as of December 31, 2007.

In a prior year, the Agency dedicated its fund balance (current designation is unrestricted net assets) to be used for economic development projects that display the potential to create additional job opportunities for residents of Saratoga County.

SARATOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
Notes to Financial Statements, Continued  
December 31, 2007

7. Annual Report Filing

Beginning in 2007 the Agency is required to file its annual report in a specific on-line format called the Public Authorities Reporting Information System (PARIS). Such report is filed with the State budget agency which oversees the operations of various State authorities, including Industrial Development Agencies. The PARIS reporting format is also in accordance with the NYS Comptroller's requirements.

Certain required project information included in project data in pages 16 to 61 of the report such as project name, address, purpose, total project costs and either the taxable or non taxable status of bonds or the total for lease projects are available from data provided to the Agency by the project companies. Data relating to jobs at the site before IDA status as well as the estimate of jobs to be created and retained is also available from these same project records. Property tax exemptions and PILOT billings are available from the Agency's records for each of the projects.

Certain information included in conduit debt on page 12 and the project data (pages 16 through 61) is reported based on data that is provided by each project company at December 31 each year. This data includes conduit debt increases and payments during the calendar year and December 31 conduit debt balances as well as full time equivalent (FTE's) of jobs at the project at December 31 and any FTE construction jobs created on any applicable construction projects during the calendar year. Also, project companies report the amount of sales tax and any mortgage recording tax savings as a result of IDA status for projects closed during the year ended December 31.

Certain other required responses in the annual report including those related to federal tax status for straight lease projects and the last 4 questions on each page regarding the last year for reporting (first of 4) and the responses for the following 3 questions which are specifically driven by the established reporting software, may or may not be responded to accurately. The response to the first of 4 questions when answered as a no (n) drives the software to no's (n's) for the following three questions, which may or may not be accurate as noted.

Average estimated salary data is noted as -0- for each project because a response is required by the reporting program. The project companies whose projects have closed in years through the year 2007 have not been required to provide such data, therefore, the Agency is not able to provide a response other than -0- in the annual report filing for such estimated salary data.

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REPORTS ON COMPLIANCE AND INTERNAL CONTROLS

Agency Officers and Members  
Saratoga County Industrial Development Agency

We have examined the financial statements of the Saratoga County Industrial Development Agency as of and for the year ended December 31, 2007 and have issued our report thereon dated May 9, 2008. We conducted our audit in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities and Functions, issued by the U.S. General Accounting Office. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of Saratoga County Industrial Development Agency for the year ended December 31, 2007, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Compliance with laws and regulations applicable to Saratoga County Industrial Development Agency is the responsibility of the Agency's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Saratoga County Industrial Development Agency's compliance with certain provisions of laws and regulations. However, the objective of the audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests indicate that, with respect to the items tested, the Saratoga County Industrial Development Agency has complied in all material respects with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Saratoga County Industrial Development Agency had not complied, in all material respects, with these provisions.

We did not make a study and evaluation of internal accounting control as a part of our examination because the Agency's size is such that the Agency chief executive officer (CEO) and an administrative assistant handle all of its accounting, financial and administrative matters. Agency management has determined that it is not cost effective to achieve maximum controls. We concluded that the audit was performed more efficiently by expanding substantive audit tests and thus placed little reliance on any internal control system.

This report is intended solely for the information and use of management and to meet the requirements of auditing standards for governmental financial and compliance audits and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which is a matter of public record.

May 9, 2008



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THE NEW YORK STATE SOCIETY OF  
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**Agency Officers and Members**  
**Saratoga County Industrial Development Agency**

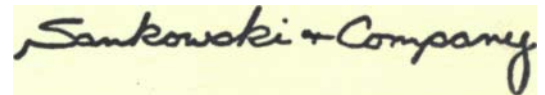
We have examined the financial statements of the Saratoga County Industrial Development Agency as of and for the year ended December 31, 2007 and have issued our report thereon dated May 9, 2008. As part of our procedures, we also reported on the Agency's compliance with laws and regulations and controls. As discussed in the compliance and controls report, we did not make a study and evaluation of internal accounting control because the Agency chief executive officer (CEO) and an administrative assistant handle all of its accounting, financial and administrative matters. We concluded that the audit was performed more efficiently by expanding substantive audit tests, relying little on controls.

The management of the Saratoga County Industrial Development Agency is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with the accounting principles and practices mandated by government standards for financial and compliance audits. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants.

A material weakness is a reportable condition in which the design or operation of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing assigned functions. We noted no matters involving the internal control structure and its operation that we considered to be a material weakness, as defined above based on our expanded substantive audit tests.

This report is intended solely for the information and use of management and to meet the requirements of auditing standards for governmental financial and compliance audits and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report which is a matter of public record.

A handwritten signature in black ink on a yellow rectangular background. The signature reads "Sankowski & Company" in a cursive script.

May 9, 2008

