

# Saratoga County Industrial Development Agency

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Annual Report Fiscal year 2016

03/31/2017

Addresses operations and accomplishments, compliance with Public Authorities Law, capital reserve balance, projects undertaken, performance measurement report, internal control assessment, and property owned by the Agency, investment report, 2015 operational audit and audited financial statements.

## **Saratoga County Industrial Development Agency**

### **Annual Report FY 2016**

#### **Operations and Accomplishments**

##### **Administrative Staff**

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. During FY 2015 the C.E.O. Lawrence Benton retired, and was replaced by Richard Ferguson. The CEO is assisted in these duties by the Assistant administrator who also serves as senior planner for the County of Saratoga. Subsequent to year end 2016, on February 13, 2017 the Agency approved the hire of Jeffrey M. Many, CPA as the C.F.O. Mr. Many started his position on March 13, 2017. 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. In April, 2008 the Agency adopted the Audit and Governance Committee Charters. The Agency also amended its investment policy and reaffirmed its procurement policy. By resolution the board adopted a prohibition of credit to members required for all public authorities. The Agency amended its application for financial assistance to require companies to provide information on wages and salaries as required by the office of State Comptroller. In January 2010 the board established a finance committee as required by an amendment to the Public Authorities Law (Chapter 506 Laws of New York 2009). In May 2010 the Agency executed the Acknowledgement of Fiduciary Duties of Board Members and adopted a Mission Statement and Performance Standards. The Agency submitted annual Board evaluation forms for 2016 on March 17, 2017 to the NYS ABO. This is an annual requirement. For the previous year, the agency submitted to the NYS ABO on April 16, 2016. All tenured Agency Board Members have completed their training required under the PAAA. New board

members are required to complete the training within one year of appointment. Management has prepared the **Annual Assessment of the Effectiveness of Internal Controls** subject to review by the audit committee and a statement to that effect is included below.

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

### **Financial Report**

Pursuant to state legislation enacted in 1990, the Agency commissioned an independent audit of its 2016 fiscal year in conformance with criteria provided by the Office of New York State Comptroller. The audited report dated December 31, 2016 and completed on February 21, 2017 found the financial operations and record keeping of the Agency in conformity with generally accepted accounting principles and in compliance with all relevant laws and regulations of New York State. That report is filed online with the Office of the State Comptroller, is attached hereto and will be available for review on the Agency's web site at [www.saratogacountyida.org](http://www.saratogacountyida.org).

### **Internal Controls**

This statement certifies that management has documented and assessed the internal control structure and procedures of the Saratoga County Industrial Development Agency for the year ending December 31, 2016. The assessment found the authority's internal controls to be adequate, and to the extent that deficiencies were identified, the authority has developed corrective action plans to reduce any corresponding risk. The assessment report is attached hereto and available for inspection at the offices of the Agency and on its web site.

### **Payment in Lieu of Taxes**

The Agency is able to offer companies who consider locating to or expanding within Saratoga County savings in the form of sales, mortgage and property tax abatement pursuant to its Uniform Tax Exemption Policy. The Agency holds title to a property thereby making it tax exempt. For a specific period (5-10 years) the Agency will bill a company for payments in lieu of taxes and distribute those monies to local governments and school districts. Of the One Hundred Eleven projects approved by the Agency (since inception) only seventeen are currently subject to Pilot Agreements. In 2016 the Agency collected \$13,669,700 dollars in local and school district taxes and distributed those funds to the local tax jurisdictions. The Agency calculates both the PILOT payment due based on the level of abatement for each

company as well as the “normal tax” which would be due if there were no IDA involvement. Pilot revenues received, represented over 95% of the “normal taxes”. The following charts list the normal taxes vs. the payment in lieu of taxes paid by individual companies.

2016 County/Local PILOTS Company, (Sch Dist), SBL	Normal Assessment (PILOT Assessment)	Tax Rate/\$1,000	Normal Tax	PILOT
Columbia HPS LLC (BSSD) 229.-2-75.111-1	10,021,500 (15) (1,506,231) prorated value of private officers	2.353016 County	23,580.75	3,544.19
		0.002190 (Town) 0.133420 (Lib)	1,359.02	204.26
United STEP 1, (BSSD) 230.-1-75.1-1	9,600,000 (15) (0)	2.353016 (County)	22,588.95	0
		0.135610 (Town)	1,301.86	0
SCNC (SSSD) 165.59-1-92.-1)	1,831,500 (431,999) (15)	3.123735 (County)	5721.12	1,349.45
		5.9820 (City)	10,956.03	2,584.22
19 Railroad, LLC (SSSD) 165.59-1-92.-1	2,176,000 (15)	3.123735 (County)	6,216.23	2,039.64
		6.0593 Inside	12,058.00	3,956.42
Albatros (BHBLSD) 228.-3-61	1,966,000 (15) (323,500) Land	2.473100 (County)	4,862.11	800.05
AJH Enterprises (Shen) Precision Valve & Automation 272.-3.58	885,300(15) (863,110) PILOT	4.416598 (County)	3,910.01	3,812.01
E.nfrastructure, (Shen) 272.-4-83	1,150,000(15) (93,300)Land	3.955997 (County) 0.460601 (Town)	5,079.09	412.06
Fortress: Creatacor, (Shen) 272.-4-81	2,970,900 (15) 2,495,500 PILOT	4.416598(County)	13,121.27	11,021.62

		3.955997 (County)	7,516.39	7,516.39
<b>Perry Realty, (WHMSD)</b> <b>286.-1-5.1</b>	1,900,000(15)	0.460101 (Town)	875.14	875.14
<b>Monmouth Real Estate Corp</b> <b>Hemingway at Halfmoon (Shen)</b> <b>260.-1-103</b>	2,740,300(15) (284,000) Land	4.416598	12,102.80	1,254.31
<b>Mountain Ledge Limited Partnership</b> <b>(SSSD) 140.-1-68.131</b>	4,446,000 (15) 3,000,000 PILOT	2.333079 (County)	10,372.87	6,999.24
<b>WDC of Upstate NY (SGFSD)</b> <b>115.-1-48</b>	6,037,400 (15)	2.333079 (County Gen)	14,085.73	14,085.73
<b>Finch Waste Co., LLC</b> <b>104.-1-85.2</b>	3,815,100 (15) 262,000 (Land)	2.608591 (County)	9,952.04	683.45
		1.477777(Town)	5,637.87	374.08
<b>SSP Development Corp (BSSD)</b> <b>228.-3-30.12.1</b>	\$450,000 \$0 Land	2.4731(County)	\$1,112.90	0
<b>PeroxyChem, LLC (SSSD)</b> <b>177.-1-62.1</b>	\$304,000 \$304,000 Land	3.123735 (County)	2,768.15	2,768.15
		5.9820 (City Outside)		
<b>Fred's Studio Tents (Waterford)</b> <b>286.-1-54</b>	\$950,000 (\$950,000)	3.955997 (County)	3,758.20	3,758.20
		0.460601 (Town)	437.57	437.57
<b>Totals</b>			<b>175,178.44</b>	<b>64,280.41</b>

2016/17 School PILOTS Company, (Sch Dist), SBL	Assessment PILOT	Tax Rate/\$1,000	Normal Tax	PILOT Due
Columbia HPS LLC (BSSD) 229.-2-75.111-1	10,021,500	18.080828 School	181,192.02	27,233.90
		0.020743 Library	207.88	31.24
United STEP 1, (BSSD) 230.-1-75.1-1	9,200,000	18.080828 School	166,343.62	0
		0.020743 Library	190.84	0
SCNC (SSSD) 165.59-1-92.-1)	431,999	15.470235 School	28,333.73	6,683.13
		1.000817 Library	1,833.00	432.35
19 Railroad, LLC (SSSD) 165.59-1-92.-1	2,176,000	15.470235 School	64,449.00	43,764.52
		1.000817 Library	\$4,169.40	\$2,831.26
Albatros (BHBLSD) 228.-3-61	323,500	21.9313 School	43,116.94	7,094.78
AJH Enterprises (Shen) Precision Valve & Automation 272.-3-58	863,110	29.559380 School	26,168.92	25,513.00
E.nfrastructure, (Shen) 272.-4-83	1,150,000	29.559380 School	33,993.29	33,993.29
Fortress: Creatacor, (Shen) 272.-4-81	2,495,500	29.55938 School	87,817.96	73,765.43
Perry Realty, (WHMSD) 286.-1-5.1	1,900,000	37.96800 School	72,139.20	72,139.20
		0.9500 Library	1,805.00	1,805.00
Monmouth Real Estate Corp Hemingway at Halfmoon (Shen) 260.-1- 103	284,000	29.559380 School	81,001.57	8,394.86
Mountain Ledge Limited Partnership (SSSD) 140.-1-68.131	3,000,000	15.470235 School	51,374.96	34,665.98
		1.000817 (Library)	3,373.60	2,242.65
WDC of Upstate NY (SGFSD) 115.-1-48	6,037,400	15.25500 School	92,100.54	92,100.54
Finch Waste Co., LLC (SGFSD) 104.-1-85.2	262,000	15.25500 School	58,199.35	3,996.81
SSP Development Corp (BSSD) 228.-3-30.12.1	1,400,000	21.9313 School	\$45,096.24	30,703.82

PeroxyChem, LLC (SSSD) 177.-1-62.1	304,000	15.470235 School	23,810.92	4,702.95
		1.000817 Library	1,540.41	304.25
Fred's Studio Tents (Waterford) 286.-1- 54	950,000	37.9680 School	36,069.60	36,069.60
		0.95000 Library	902.50	902.50
M Grove Holdings 177.-1.62.22	268,800	15.470235 School	20,884.82	4,158.40
		1.000817 Library	1,351.10	269.02
Totals			1,127,466.41	513,798.48

2016 County / Local 2016/2017 School PILOTS Company, (Sch Dist), SBL	Normal Assessment (PILOT Assessment)	Normal Tax	Pilot Due
Global Foundries U.S., Inc (BSSD) 230.- 1-72.12 Malta 230.-1-23 Stillwater (SCSD)	Full Value	1,485,551.32	1,485,551.32
	631,339,236	1,382.63	1,382.63
	Malta (2015)	84,233.28	84,233.28
	Full Value	11,415,136.13	11,415,136.13
	631,339,236	13,612.94	13,612.94
	Malta (2015)	4,650,000	12,486.35
	Stillwater	15,970.80	15,970.80
	4,650,000		
	Stillwater	63,261.96	63,261.96
Totals			13,091,635.43

### **Sales tax reporting**

One aspect of the Agency's assistance to companies is the abatement of New York State sales tax during the construction of new facilities. All companies are required to submit a report to the Agency and State Dept. of Tax and Finance on the total dollar amount of sales tax abated during the calendar year. Because of the significant dollar amount of the Global Foundries sales tax savings the board in conjunction with the issuance of a sales tax exemption certificate required the company

to submit periodic construction reports listing all vendors providing materials or services which were subject to New York State and local sales tax. This reporting requirement was applied to all future projects which will come before the Agency through an amendment to its application form in September 2009. Sales tax reports received from companies are on file with the Agency and available for inspection. In response to a 2013 amendment to State statute, (GML 875) the Agency added a recapture provision to its application placing applicants on notice that any sales tax abatements received in excess of the amount approved by the Agency would be subject to recapture. Also in response to the new requirements the Agency prepares an annual sales tax compliance report and NYS ST-62 Report.

### **Direct Financial Assistance**

The Agency manages a fund balance generated from the collection of fees charged to assisted companies. The Agency's Board of Directors has dedicated a portion of this fund balance primarily for economic development projects that have the potential to create additional job opportunities for residents of Saratoga County. Since 1986 the Agency has approved expenditures totaling \$5.025 million dollars from these funds through loans, grants and projects directly undertaken by the Agency for a wide range of economic studies and capital improvements.

For example, IDA funds have been utilized to extend public infrastructure (streets, water, and sewer) to enhance the development of industrial lands either through a matching grant to the municipality and/or a low interest loan provided to the property owner or developer. The Agency will also consider providing funding assistance towards "soft costs" (legal, planning, engineering, etc.), that may be associated with bringing an industrial site or park to "shovel ready" status.

The IDA has established the following conditions and criteria that must be followed prior to formal consideration of any such financial support:

1. The legislative body of the host community must approve a proposed project by resolution.
2. The site must be properly zoned and be compatible with the community's Comprehensive Plan.
3. Any infrastructure improvements must be within the public right-of-way; be offered for dedication; or serve a public purpose. A municipality or public entity must have expressed commitment to accept proposed improvements.



4. The application must include other sources of funding
5. Staff of the Agency, the Saratoga County Planning Department, the Saratoga County Prosperity Partnership (SCPP) and the Saratoga Economic Development Corp. (SEDC) will work with municipal leaders and private land owners to develop potential projects and to screen future applications.

In February 2010 Agency expanded and further defined the program criteria for loans and grants as follows.

By Resolution # 1044 of February 8<sup>th</sup>, 2010 the Agency allocated 1.5 million or 50% of its unrestricted fund balance whichever is less for a loan/grant program for the purpose of promoting the economic welfare and prosperity of the inhabitants of Saratoga County and to actively promote, attract, encourage and develop economically sound commerce and industry and economically sound projects. The Agency may use a portion of its unencumbered fund balance to extend loans and assist in the creation and implementation of infrastructure, programs, projects, studies and plans. On July 15, 2013 by Resolution # 1197 the total allocation of unrestricted funds was increased to 2.5 million dollars.

**In September 2014 the State Attorney General's Office issued an opinion (No. 2014F1) addressing an IDA's legal authority to issue loans and grants. The opinion concludes that "an IDA may not provide grants or loans from its own monies to public or private interests". The State Authority Budget Office more recently issued a policy guideline (#15-01) reinforcing the Attorney General's opinion stating that "an IDA may not under any circumstances award grants or make loans of its moneys".**

**In view of the State's unequivocal position the Agency moved to suspend its Grant/Loan program on March 9, 2015.**

At year end 21/31/16 the Agency Board of Directors had designated \$1,165,547 in net position for projects relating to capital investment with specific focus on the Luther Forest Technology Campus in Malta, New York.

#### **Use of Fund Balance 2016**

Historic Hudson-Hoosick Rivers Partnership

In May 2015 the Agency by Resolution #1256 allocated \$130,000 of financial assistance associated with the design and engineering of the Gateway Regional Visitors' Center in Schuylerville. The assistance was structured in such a way that the Saratoga County IDA and the Town of Saratoga would be contracting directly with an engineering firm (Saratoga Associates Landscape Architects, Architects, Engineers, and Planners, P.C.) for design drawings for a visitors' center in the village of Schuylerville. The funds would be used to assist in Phase One of the engineering work and included:

- Site layout and grading plan
- Site utility and lighting plan
- Building floor plans of lower, main and upper levels
- Longitudinal and lateral building sections
- Exterior & key interior elevations
- Outline specifications
- Design level cost estimate
- Illustrative rendered site plan
- Illustrative rendered three 3D view of the building and site
- Site demolition plan
- Site utility and lighting plan
- Site planting plan
- Window and door schedules
- Mechanical plan and details
- Plumbing plan and riser diagram
- Structural framing plans
- Structural pile plans
- Technical specifications
- Construction cost estimate

During 2016 the Agency expended \$65,922 on this project. The previous year (2015) the Agency expended \$64,078.

This financial commitment was made by the SCIDA with the understanding that the expenditure of Agency funds would be made in accordance with state statute;, in accord with the opinion of the Attorney General;, and within the guidelines of the ABO as all relate to the Agency's authority to expend its funds.

Saratoga Springs Geyser Road Signalization Project

In April of 2016 the Agency allocated \$40,000 of financial assistance to the Saratoga Springs Geyser Road Signalization project. This project will improve traffic flow from Geyser Road into the W. J. Grande Industrial Park. During the year ending 12/31/16 the Agency expended \$32,400 on this project.

This financial commitment was made by the SCIDA with the understanding that the expenditure of Agency funds would be made in accordance with state statute;, in accord with the opinion of the Attorney General;, and within the guidelines of the ABO as all relate to the Agency's authority to expend its funds

### **Budgets**

Agency annual operating budgets required to be submitted to the State Comptroller for 2015-2020 can be examined on its web site or are available upon request at the offices of the Saratoga County Planning Department, Ballston Spa, N.Y. The Agency's audited financial statements and Post Governance Letter for Fiscal Year 2016 are attached.

### **Employment**

It is the Agency procedure to have the assistant administrator conduct field verification visits of SCIDA companies. As a result of the Agency audit by the New York State Office of the State Comptroller, the Agency Board of Directors approved a procedure to review annual employment reporting. This procedure includes an annual job survey of all approved project companies and a summary report provided to the board. The procedure also details actions required if any project company fails to meet job creation projections. These actions can include the re-capture of PILOT benefits, as detailed in our Uniform Tax Exemption Policy. It is planned to have both the CEO and Assistant Administrator conduct field audits during 2017.

### **Projects Undertaken**

A project is defined as the granting of financial assistance by the Agency to a private business entity, typically for the construction, renovation, expansion and equipping of facilities. Assistance provided may include abatements of NYS sales and mortgage taxes and a portion of real property taxes over a limited period of time in accordance with the Agency's written policy. The SCIDA does not directly loan money to companies. The majority of projects today involve straight lease transactions in which the lending institution provides a conventional loan, the repayment of which is backed entirely by the credit of the company.

## **John W. Danforth**

In June of 2016 the Board approved an application from John W. Danforth Company. This mechanical contracting firm proposed to purchase 7.31 acres of property in Halfmoon New York including a 60,000 SF building. Plans also involved the construction of a 15,000 SF addition to the facility. The \$3.6 million dollar project included the purchase, construction and site work. The company projects 112 full time workers to be created over a two year time period, as well as the retention of 73 existing jobs. This construction project will result in the employment of up to 100 construction workers. Total annual payroll of \$11,850,000. The subject company originally from Buffalo, New York has been in existence for over 130 years.

## **Arnoff Moving & Storage & Rigging**

In June the Board approved an application for Arnoff Moving & Storage & Rigging. This regional company with over 90 years of history had contracted for the purchase of 39.81 acres of property and 72,000 SF of commercial vacant space in the Town of Malta, New York. Plans called for the purchase, renovation and utilities upgrade of the facility. The \$11,579,630 project called for the creation and retention of 92 jobs over a two year period, with an additional 25 construction jobs to be utilized. Total annual payroll of \$2,800,000.

## **Logistics One**

In June of 2016 the board approved an application for Logistics One. This local company is a warehousing, trucking and logistics brokerage firm. The company developed expansion plans to construct a 17,500 SF administration building to aid in their continued growth. The \$6 Million dollar project will include site work & construction of the new building. This logistics company currently projects the retention of 124 jobs and the creation of 3 additional full time jobs over the next two years. As well, 75 construction jobs are to be created during the construction and development period. Salaries will range from \$15 to \$50 per hour, with current annual payroll investment into Saratoga County of \$5,933,215.

## **Core Tech Industrial**

In June of 2016 the board approved an application for Core Tech Industrial Corporation. This local company is a design and manufacturer of fire suppression systems and electrical and mechanical assemblies. This company developed expansion plans to purchase 3.88 acres of land in Ballston, New York and develop the land including the construction of a 27,000 SF Flex Space Building. The \$2.25 Million dollar project included site work, construction and equipping of the new building. This industrial and technology company currently projects the retention of 18 jobs and the creation of 10 additional full time jobs over the next two years. As well, 54 construction jobs are to be created during the construction and development period. Salaries will range from \$100,000 to \$130,000 with current annual payroll investment into Saratoga County of \$1,582,000.

## **MJ Properties.**

In October of 2016 the board approved an application for MJ Properties of Clifton Park, New York. This local company has a long history in custom construction, facility planning, project management, land acquisition, maintenance and repair of numerous buildings of all sizes and venues in the Saratoga County area in upstate NY. This company developed plans to purchase 1.55 acres of land in Malta, New York and develop the land including the construction of a 25,000 SF Flex Space Building. The \$2.317 Million dollar project included site work, construction and equipping of the new building. This local real estate management and development company currently projects the creation of 15 additional full time jobs over the next two years. As well, 40 construction jobs are to be created during the construction and development period. Salaries will range from \$20,000 to \$100,000 with an annual payroll investment into Saratoga County of \$300,000.

### **SKS Bottle & Packaging, Inc.**

In December of 2016 the board approved an application for SKS Bottle & Packaging, Inc. This regional company is a supplier, consultant and designer of plastic bottles, glass bottles, plastic jars, glass jars, metal containers and closures for all packaging needs. They developed plans to purchase 22.3 acres of land and construct a new 128,000 SF facility and sought IDA assistance in mortgage, sales and real property tax abatement. The \$15.960 Million dollar project included the purchase of land, site work, construction and equipping of the new facility. This specialty packaging company currently employs 100 full time employees and projects the creation of 16 additional full time jobs over the next two years. As well, 15 construction jobs are to be created during the construction and development period. Salaries will range from \$29,000 to \$71,900 with an annual payroll investment into Saratoga County of \$4,520,000.

### **Stonebridge Iron & Steel, Inc.**

In December of 2016 the board approved an application for Stonebridge Iron & Steel. This local company provides structural steel fabrication, miscellaneous metals fabrication, erection and design assistance services for the high-tech manufacturing, hospitality, gaming, biotechnology, pharmaceutical and health care industries. This company developed expansion plans to construct a 25,000 SF addition to their existing facility and sought IDA assistance in mortgage, sales and real property tax abatement. The \$4.5 Million dollar project included site work, construction and equipping of the new facility. This metals fabrication company currently employs 69 full time employees and projects the creation of 10 additional full time jobs over the next two years. As well, 10 construction jobs are to be created during the construction and development period. Salaries will range from \$38,000 to \$120,000 with an annual payroll investment into Saratoga County of \$4,056,000.

### **Mission Statement/Measurement Report**

The 2009 Public Authorities Reform Act requires that local public authorities adopt a mission statement and performance measures and file those documents with the NYS Authority Budget Office. Each public authority is further required to annually review its mission statement and publish a

measurement report. The Saratoga County IDA has met the filing requirements and its mission statement, performance measures and measurement report for 2015 is published below.

Adopted: May 18, 2010

Resolution #1060

### **Authority Mission Statement and Performance Measurements**

**Name of Public Authority:** County of Saratoga Industrial Development Agency

**Public Authority's Mission Statement:**

**SCIDA Mission Statement:** The Saratoga County IDA is a public benefit corporation created in 1971 to promote, develop, encourage and assist in the construction, expansion, and equipping of economically sound industrial and commercial facilities in order to advance the job opportunities, general prosperity, and economic welfare of the citizens of Saratoga County. The Agency's primary role is to provide financial assistance and incentives to the business community in order to maximize private capital investment in the economy of Saratoga County and to develop opportunities for job creation and job retention within the County through the use of its own assets, public funds and private investment.

**List of Performance Goals:**

- Number of New Businesses Assisted
- Number of Existing Businesses Assisted
- Number of Jobs Created and Maintained.
- Salaries of Jobs Created/Retained.
- Total Dollar Amount of Private Investment from IDA Assisted Projects.
- Number of Firms/Employees Hired During Construction
- Special Projects (Grants/Loans) by the Agency

## Measurement Report 2016

Company	Approved	Description	Investment	FTE's Created	FTE's Retained	Construction	Salary Range	Annual Payroll
John W. Danforth	6/13/16	Purchase of 7.31 acres and an existing 60,000 SF building with a 15,000 SF planned expansion	\$3,600,000	112	73	100	\$30,000 to \$200,000	\$11,850,000
Arnoff Moving & Storage	6/13/16	Purchase of 39.81 acres and 72,000 SF commercial building. Renovation and refitting of building.	\$11,579,630	92	N/A	25	\$30,000 to \$125,000	\$2,800,000
Logistics One	6/13/16	Construction of a 17,500 SF office building	\$6,000,000	3	124	75	\$14.84 to \$50.25 per hour	\$5,933,215
Core Tech	6/30/16	Purchase of 3.88 acres and the construction of a 27,000 SF commercial building	\$2,250,000	10	18	54	\$100,000 to \$130,000	\$1,582,000
MJ Properties	10/31/16	Development of a 1.55 acre site , including construction of a 25,000 SF Flex Space Building	\$2,317,000	15	N/A	40	\$20,000 to \$100,000	\$700,000
SKS Bottle & Packaging, Inc.	12/29/16	Purchase of 22.3 acres and the construction of a 128,000 SF manufacturing facility	\$15,960,357	16	100	25	\$29,000 to \$71,900	\$4,520,000
Stonebridge Iron & Steel	12/29/16	Construct a 25,000SF addition onto an existing 40,000 SF manufacturing and fabrication facility	\$4,500,000	10	69	10	\$38,000 to \$120,000	\$4,056,000
<b>Totals</b>			<b>\$46,206,987</b>	<b>555</b>	<b>384</b>	<b>329</b>	<b>\$29,000 to \$200,000</b>	<b>\$31,041,215</b>



As can be seen from the above chart, activities of the Saratoga County Industrial Development Agency contributed to the following:

- \$46,206,987 total approved economic investment by SCIDA project companies committed to during 2016
- 555 total full time equivalent jobs approved to be created
- 384 total full time equivalent jobs to be retained
- 329 total construction jobs to be created
- Salary range between \$29,000 & \$200,000
- \$31,041,215 in total annual payroll to be paid by SCIDA project companies

### **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 formal plans to dispose of its property at this time.

The Agency is owner of an active rail spur serving Logistics One in the W.J. Grande Industrial Park in Saratoga Springs. Built in 1981 for the Ball Beverage Container plant with State Funds the spur has operated continuously for over 30 years. In accordance with its lease agreement with NYSDOT the Agency is considering terminating its interest in the rail spur. In addition, the Agency hired an appraisal firm specializing in rail facilities to obtain a fair market value prior to any future sale.

## **County Industrial Development Agency Investment Report FY 2016**

As of December 31, 2016 the Agency's unrestricted funds were held in interest bearing money market accounts totaling \$3,524,571. All deposits were covered by FDIC insurance and third party collateral investments as required.

Unrestricted funds during the year can be invested by staff with Board oversight, in certificates of deposit awarded to the highest bidder. Participating banks and bid forms are listed in the agency's investment policy: (see Policies on web [www.saratogacountyida.org](http://www.saratogacountyida.org)). The State Comptroller's Financial Management Guidelines for cash management and investment have been previously adopted and incorporated into the Agency's investment policy by the Board. In the current market, interest rates for municipal CD's have continued to drop well below 1%. The majority of the Agency's approved depositories for some time have not participated in the bid process.

The Agency maintains third party custodial (collateral) agreements with all participating banks and maintains records of all collateral held by third parties securing the Agency's investments. In 2014 the Agency amended its investment policy to include municipal letters of credits as acceptable collateral in accordance with the State Comptrollers guidelines. Interest on CD's is recognized by the agency at maturity. The agency does not incur any fees or charges in the purchase of CD's. **In 2016 the Agency had no funds invested in Certificates of Deposit.**

### **Annual Assessment of the Effectiveness of Internal Controls Saratoga County Industrial Development Agency March/31/ 2016**

#### **I. Major Business Functions:**

The Saratoga County Industrial Development Agency (The Agency), a public benefit corp. established by the Saratoga County Board of Supervisors in 1971 pursuant to Art. 18-A of the GML has the primary objective of advancing the job opportunities, general prosperity and economic welfare of the citizens of Saratoga County. The Agency provides financial assistance largely through the granting of tax abatements to the private sector to encourage investment in

the construction, expansion, renovation and equipping of economically sound industrial and commercial facilities. The Agency also had dedicated a portion of its unrestricted fund balance towards a loan/grant program designed to increase the availability of infrastructure to properly zoned parcels that are essential to allow the location of new and growing businesses within the County. **See previous comment regarding suspension of the program in March of 2015 under "Direct financial Assistance"**

The Agency has adopted policies, guidelines and review criteria to ensure that applicants for financial assistance display the potential economic benefits which serve as the basis for granting of financial aid. The Agency charges a fee at closing from each company computed on a percentage of the total project cost.

One of the major operating responsibilities of management and staff involves the billing and collection of payments in lieu of taxes (PILOTs) from participating companies and the distribution of those tax revenues to the appropriate local tax jurisdictions. The estimated dollar amounts of pilots collected and distributed are listed as revenues and expenditures in the Agency's annual operating budget. All pilot revenues received are returned to local tax jurisdictions in the amounts originally computed. Pilots are billed each January (county and local taxes) and September (school). Bills are computed by the assistant administrator based on the terms of each company's pilot agreement. The CEO separately calculates each pending Pilot bill and the assistant administrator and CEO then review the respective set of bills for accuracy. Each billing period is documented on a spread sheet describing each company's assessment, level of abatement, local tax rates and taxes due. A second spread sheet lists the total amounts of tax revenues provided to local tax jurisdictions by name. All bills, payments and spreadsheets are maintained as permanent records. The PILOT billings are reviewed and selectively tested by the independent auditor as part of the annual audit review. At the completion of each billing period spread sheets are provided to board members and placed on the Agency's web site. All pilots collected are distributed within thirty days in accordance with State statute. Pilot revenues and expenditures represent approximately 95% of the Agency's total operating budget.

### **Investments:**

Fees collected at closing from companies receiving financial assistance are placed in an interest bearing money market account or invested in term certificates of deposit (CD's) with banks that are approved depositories by the Board. Written agreements with all depositories are in place and filed in the Agency's records. All accounts are secured by third party collateral agreements

as required by the Office of the State Comptroller's guidelines adopted by the Agency as part of its investment policy. Third party collateral statements are periodically provided to the Agency, reviewed by staff to confirm each investment is protected at full value and filed for examination by the independent auditor. As part of the annual independent audit the auditor confirms that all funds are properly collateralized. At maturity CD's may be re-bid in accordance with Agency policy and each bid form is filed in the Agency's investment folder. All CD's are charted on an investment spread sheet indicating purchase and maturity dates, terms, principal and interest earned at maturity. Completed bid forms are certified by management and counter signed by the Agency's treasurer. There were no Certificates of Deposit held by the Agency in 2016.

### **Contracts:**

The Agency contracts with both its CEO on an annual basis for management services and a recording secretary. The Agency also contracts with the County of Saratoga annually for administrative support through its planning department. Services provided include staff assistance provided by the senior planner and secretary, phone, fax, internet, mail services, stationary, office and conference space. The Agency contracts with an independent certified public accounting firm to conduct an independent audit of its annual financial report as required by the Office of the NYS Comptroller. Remaining expenses include insurance, subscriptions, membership, property taxes and maintenance of the Agency's web site. All expenditures are supported by invoices for services rendered, products or subscriptions provided by vendors or contract and/or Board resolution.

### **Property:**

The Agency owns an active rail spur at the W.J. Grande industrial park in the City of Saratoga Springs and an abandoned rail spur in the Town of Moreau. There is no debt associated with these properties.

## **II. Risk Determination:**

Risk level is directly related to the size of a potential loss and the likelihood that a loss could occur. The Agency's unrestricted funds as of the close of 2016 are held in three money market accounts at two separate approved depositories. It has been previously noted that these assets are secured by third party collateral accounts which require investment banks to set aside securities with a third party bank in the name of the Agency equal to the value of the investment minus FDIC insurance.

### **III. Internal Controls:**

All expenditures made by the agency are accompanied by an invoice and are originally authorized by Resolution of the Board. Major recurring expenses are contractually controlled. Agency checks require two signatures with checks signed by two staff members limited to \$3,500.00 as authorized by the Board. Checks signed by staff only, are limited to expenses previously approved by the board and must be reported to the Board at the next meeting following their issuance. Management and staff are aware of and familiar with the Agency's policies and practices that are the basis for its financial control system. Internal reports are to be submitted to the Agency's Audit Committee and subject to its approval. These include cash disbursements, cash receipts, assets and liabilities and revenues and expenses provided on an annual basis.

As part of the 12/31/15 financial statement audit, it was recommended that the agency purchase an accounting software package, to better allow for the reporting of interim financial performance to the board of directors. This was accomplished and the board now has access to monthly financial statements including income statement and balance sheet.

### **IV. Assess Effectiveness of Internal Control System:**

A review of the Agency's investments and checking account history by management found no instances which would raise a concern. All expenditures were appropriately documented through invoices, contracts and authorizing resolutions by the Board of Directors. The independent auditor examines all documentation related to the Agency's financial activities and issues an internal control report as part of its annual audit. The report specifically does not express an opinion on the effectiveness of the SCIDA's internal control but does include a qualified statement that during the audit they did not identify any deficiencies in internal control that they considered to be a material weakness.

The auditor did identify a deficiency in internal control that they considered to be a significant deficiency: Out sourcing of Financial Statement Preparation Process to Your Audits.

Statement on Auditing Standards "Communicating Internal Control Related Matters Identified in an Audit" issued by the American Institute of Certified Public Accountants requires the reporting of a significant deficiency if the Organization does not employ an individual with the necessary qualifications to prepare a complete set of financial statements and related footnotes in

accordance with generally accepted accounting principles. Saratoga County Industrial Development Agency does not employ such a person. Governance and management have been advised of this previously and have concluded that the cost to rectify this comment would exceed the benefit. This said, it is important to note that the Agency board did approve the hire of a local CPA to serve in the capacity of CFO. It is planned that the CFO and CEO meet at least on a monthly basis to improve the quality of financial reporting for the Agency and to the board.

### **Other Operations and Activities:**

### **Conflict of Interest Policy:**

During 2015 the New York State Authorities Budget Office issued a Recommended Practice document recommending Public Authorities adopt a Conflict of Interest Policy. The Authorities Budget Office provided a template, and the Saratoga County Industrial Development Agency approved by resolution # 1298 the attached Conflicts of Interest Policy.

## **COUNTY OF SARATOGA INDUSTRIAL DEVELOPMENT AGENCY CONFLICTS OF INTEREST POLICY (ADOPTED DECEMBER 2015)**

### **PURPOSE**

The purpose of this Conflicts of Interest Policy is to protect the Agency's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a Member, officer or staff of the Agency.

A conflict of interest is just one example of a violation of ethical conduct. This policy is intended to complement the Agency's Code of Ethics Policy by providing specific procedures to deal with conflicts of interest. This policy is intended to supplement, but not replace, any applicable state and federal laws governing conflicts of interest applicable to public authorities.

All Board Members, officers, and staff should be provided with this Conflict of Interest Policy upon commencement of employment or appointment and be required to acknowledge that they have read, understand and are in compliance with the terms of the policy. Board members, officers, and staff should review on an ongoing basis circumstances that constitute a conflict of interest or the appearance of a conflict of interest, abide by this policy and seek guidance when necessary and appropriate.

## DEFINITION

**Conflicts of Interest:** A conflict of interest is a situation in which the financial, familial, or personal interests of a director, officer or staff come into actual or perceived conflict with their duties and responsibilities with the Agency.

Perceived conflicts of interest are situations where there is the appearance that a board member, officer and/or staff can personally benefit from actions or decisions made in their official capacity, or where a board member, officer or staff may be influenced to act in a manner that does not represent the best interests of the Agency. The perception of a conflict may occur if circumstances would suggest to a reasonable person that a board member (or above- noted others) may have a conflict. The appearance of a conflict and an actual conflict should be treated in the same manner for the purposes of this Policy.

Board members, officers and staff must conduct themselves at all times in a manner that avoids any appearance that they can be improperly or unduly influenced, that they could be affected by the position of or relationship with any other party, or that they are acting in violation of their public trust. While it is not possible to describe or anticipate all the circumstances that might involve a conflict of interest, a conflict of interest typically arises whenever a director or staff member has or will have:

- A financial or personal interest in any person, firm, corporation or Association, which has or will have a transaction, agreement or any other arrangement, in which the Agency participates.
- The ability to use his or her position, confidential information or the assets of the Agency, to his or her personal advantage.
- Solicited or accepted a gift of any amount under circumstances in which it could reasonably be inferred that the gift was intended to influence him/her, or could reasonably be expected to influence him/her, in the performance of his/her official duties or was intended as a reward for any action on his/her part.
- Any other circumstance that may or appear to make it difficult for the board Member, officer, or employee staff to exercise independent judgment and properly exercise his or her official duties.

**Outside Employment of Agency's staff:** No staff of the Agency may engage in outside employment if such employment interferes with his/her ability to properly exercise his or her official duties with the Agency.

## PROCEDURES

**Duty to Disclose:** All material facts related to the conflicts of interest (including the nature of the interest and information about the conflicting transaction) shall be disclosed in good faith and in writing to the Governance Committee and/or the Ethics Officer. Such written disclosure shall be made part of the official record of the proceedings of the Agency.

**Determining Whether a Conflict of Interest Exists:** The Governance Committee and/or Ethics Officer shall advise the individual who appears to have a conflict of interest how to proceed. The Governance Committee and/or Ethics Officer should seek guidance from counsel or New York State agencies, such as the Authorities Budget Office, State Inspector General or the Joint Commission on Public Ethics (JCOPE) when dealing with cases where they are unsure of what to do.

**Recusal and Abstention:** No board member, officer or member of staff may participate in any decision or take any official action with respect to any matter requiring the exercise of discretion, including discussing the matter and voting, when he or she knows or has reason to know that the action could confer a direct or indirect financial or material benefit on himself or herself, a relative, or any organization in which he or she is deemed to have an interest. Board members, officers and staff must recuse themselves from deliberations, votes, or internal discussion on matters relating to any organization, entity or individual where their impartiality in the deliberation or vote might be reasonably questioned, and are prohibited from attempting to influence other board members, officers or staff in the deliberation and voting on the matter.

**Reporting of Violations:** Board members, officers and staff should promptly report any violations of this policy to his or her supervisor, or to the Agency's ethics officer, general counsel or human resources representative in accordance with the Agency's Whistleblower Policy and Procedures.

**Records of Conflicts of Interest:** The minutes of the Agency's meetings during which a perceived or actual conflict of interest is disclosed or discussed shall reflect the name of the interested person, the nature of the conflict, and a description of how the conflict was resolved.

**Penalties:** Any director, officer or staff member who fails to comply with this policy may be penalized in the manner provided for in law, rules or regulations.

## **ANNUAL STATEMENTS**

Each Member and officer shall annually sign a statement affirming that such person has:

- (a) Received a copy of the conflicts of interest policy,
- (b) Read and understands the policy, and
- (c) Agreed to comply with the policy.



The Agency shall furnish all other staff member(s) with a copy of this Conflicts of Interest Policy on an annual basis.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

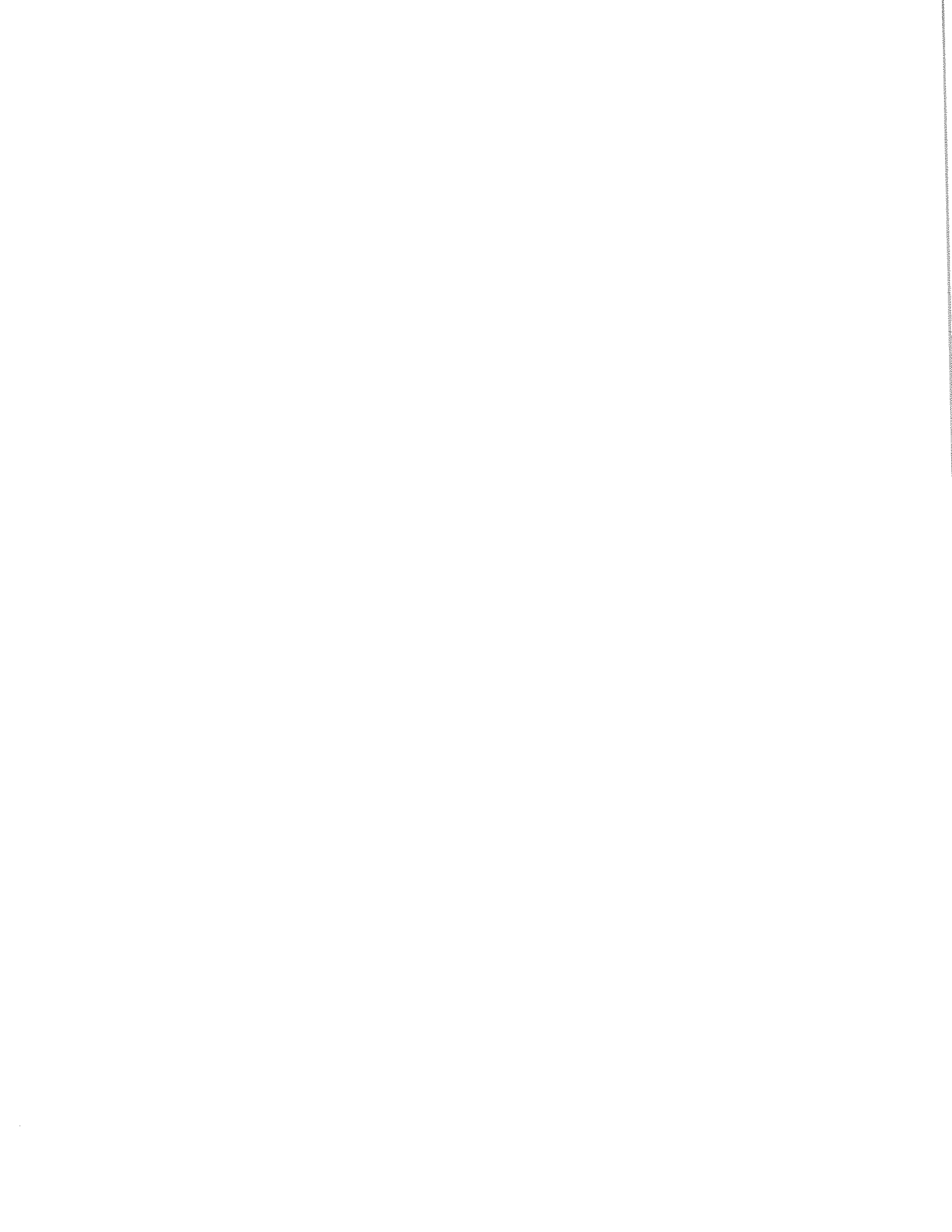
**NYS Comptroller Audit:**

On August 19, 2014 the New York State Office of the Comptroller gave notice to the Saratoga County Industrial Development Agency that they would be conducting an audit of the agencies financial operations. The audit covered the period from January 1, 2014 to January 31, 2015 and focused on the agencies Program Monitoring and Loan & Grant Program. The audit report made three recommendations of the agency, and the following documents detail the audit, and the agency response:

- State of New York Office of State Comptroller – Division of Local Government and School Accountability Report of Examination
- Saratoga County IDA Audit Response dated 9/25/15
- Saratoga County IDA Corrective Action Plan dated 11/25/15
- State of New York acknowledgement of receipt of the Agency Corrective Action Plan dated January 20, 2016
- Saratoga County IDA follow up correspondence on the Corrective Action Plan dated January 29, 2016

The Saratoga County Industrial Development Agency complied with all NYS Office of State Comptroller recommendations, submitted the required documentation and reporting, has adhered to those recommendations through the year ending 2016, and has a path forward strategy to continue to do the same.

A copy of this audit, and the above documents can be reviewed at the Saratoga County IDA offices located at 50 West High Street, Ballston Spa, New York.



*SARATOGA COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY*

*FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION*

*DECEMBER 31, 2016*

*SARATOGA COUNTY*  
*INDUSTRIAL DEVELOPMENT AGENCY*  
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*DECEMBER 31, 2016*

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CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:  
NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Saratoga County  
Industrial Development Agency  
Saratoga, New York

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Saratoga County Industrial Development Agency (the "Agency") which comprise the statement of net position as of December 31, 2016, and the related statements of revenues, expenses and change in net position and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency'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 Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2016, 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.

## Other Matters

### *Required Supplementary Information*

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 modified with respect to this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the Agency's basic financial statements. The accompanying supplementary information on page 11 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying supplementary information on page 11 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2017 on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance.



CUSACK & COMPANY, CPA'S LLC

Latham, New York  
February 21, 2017

*SARATOGA COUNTY*  
*INDUSTRIAL DEVELOPMENT AGENCY*  
*STATEMENT OF NET POSITION*  
*DECEMBER 31, 2016*

---

**Assets**

Assets:	
Cash	\$ 3,524,571
Other Receivable	1,846
Loans and Lease Receivable	1,400,000
Fixed Assets	<u>168,138</u>
Total Assets	<u>\$ 5,094,555</u>

**Liabilities and Net Position**

Liabilities	
Accounts Payable	<u>\$ 10,373</u>
Net Position	
Invested in Capital Assets	168,138
Designated	1,165,547
Unrestricted	<u>3,750,497</u>
Total Net Position	<u>5,084,182</u>
 Total Liabilities and Net Position	 <u>\$ 5,094,555</u>

*SARATOGA COUNTY*  
*INDUSTRIAL DEVELOPMENT AGENCY*  
*STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION*  
*FOR THE YEAR ENDED DECEMBER 31, 2016*

---

Revenues:	
Administrative Fees - Net	\$ 56,637
Interest Income	16,428
Miscellaneous Income	<u>4,096</u>
Total Revenues	<u>77,161</u>
Expenses:	
Project Expenses	119,760
Management Fees	22,500
Professional Fees	53,887
Insurance	2,401
Miscellaneous	<u>2,681</u>
Total Expenses	<u>201,229</u>
Change in Net Position	(124,068)
Net Position at Beginning of Year	<u>5,208,250</u>
Net Position at End of Year	<u>\$ 5,084,182</u>



*SARATOGA COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016*

---

Cash Flows Provided By (Used In) Operating Activities:	\$	
Receipts from Customers		56,637
Interest Income		16,428
Miscellaneous Income		2,250
Loan Payments Received		350,000
PILOTs Received		13,714,392
Payments for Project Expenses		(137,856)
Payments to Vendors		(81,069)
PILOTs Paid		<u>(13,714,392)</u>
Cash Provided By Operating Activities		206,390
Cash at Beginning of Year		<u>3,318,181</u>
Cash at End of Year		<u><u>\$ 3,524,571</u></u>
Reconciliation of Change in Net Position to Net Cash Provided By Operating Activities:		
Change in Net Position	\$	(124,068)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities:		
Change in Operating Assets and Liabilities		(1,846)
Increase in Accounts Receivable		350,000
Decrease in Loans and Lease Receivable		(17,696)
Increase in Accounts Payable		<u>206,390</u>
Cash Provided By Operating Activities	\$	<u><u>206,390</u></u>

*SARATOGA COUNTY*  
*INDUSTRIAL DEVELOPMENT AGENCY*  
*NOTES TO FINANCIAL STATEMENTS*  
*DECEMBER 31, 2016*

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Organization and Purpose*

The Saratoga County Industrial Development Agency (the Agency) was created in 1971 by the Saratoga County Board of Supervisors pursuant to Article 18-A of the General Municipal Law of the State of New York. The purpose of the Agency is to encourage economic growth in Saratoga County. The County appoints the Agency's governing board.

The Agency's function is to authorize the issuance of industrial 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 in the statement of net position. Net position (i.e., total assets net of total liabilities) are segregated into restricted and unrestricted components, as follows:

- *Invested in capital assets* consists of capital assets, net of accumulated depreciation.
- *Unrestricted net position* consist of assets and liabilities that do not meet the definition of "restricted net assets" or "invested in capital assets."

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.

**SARATOGA COUNTY**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
DECEMBER 31, 2016

---

**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, 2016, all of the Agency's deposits were fully insured or collateralized.

*Loans and Lease Receivable*

Loans and lease receivable are stated at the principal amount outstanding. Interest is calculated daily based on the principal amount outstanding.

Loans and lease receivable are generally placed on nonaccrual when a note is specifically determined to be impaired or when principal or interest is delinquent for 90 days or more. Any unpaid interest previously accrued on those loans is reversed from income. Interest income generally is not recognized on specific impaired loans unless the likelihood of further loss is remote. Interest payments received on such loans are applied as a reduction of the loan principal balance. Interest income on other nonaccrual loans is recognized only to the extent of interest payments received.

*Allowance for Loans and Leases Receivable*

The allowance for loans and lease receivable is maintained at a level which, in management's judgment, is adequate to absorb credit losses inherent in the loan portfolio. The amount of the allowance is based on management's evaluation of the collectibility of the loan portfolio, including the nature of the portfolio, credit concentrations, trends in historical loss experience, specific impaired loans and economic conditions. Allowances for impaired loans are generally determined based on collateral values or the present value of estimated future cash flows. Because of uncertainties associated with the regional economic conditions, collateral values and future cash flows on impaired loans, it is reasonably possible that management's estimate of credit losses inherent in the loan portfolio and the related allowance may change materially in the near term. The allowance is increased by a provision for loan losses, which is charged to expense and reduced by charge-offs, net of recoveries. There was no allowance for uncollectible loans and leases receivable at December 31, 2016.

*Fixed Assets*

Fixed assets are reported at the lower of cost or expected realizable value. All fixed assets held by the Agency are nondepreciable assets. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When fixed assets are retired or disposed of, the appropriate accounts are relieved of costs and any resultant gain or loss is credited to operations.

**SARATOGA COUNTY**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*DECEMBER 31, 2016*

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Fixed Assets (Continued)*

The Agency evaluated prominent events or changes in circumstances affecting fixed assets to determine if impairment of any fixed assets has occurred. A capital asset is considered impaired if both (a) the decline in service utility of the fixed asset is large in magnitude, and (b) the event or change in circumstance is outside the normal life cycle of the fixed asset. There were no impaired fixed assets at December 31, 2016.

*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 County, 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. Industrial bonds issued and outstanding at December 31, 2016 were \$83,347,711.

*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 February 21, 2017, the date the financial statements were available to be issued. No such events or transactions were identified.

**SARATOGA COUNTY**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
 DECEMBER 31, 2016

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**2. LOANS AND LEASE RECEIVABLE**

The Agency's loans and lease receivable consist of the following:

	<u>Balance December 31, 2015</u>	<u>New Loans/ Leases</u>	<u>Repayments</u>	<u>Balance December 31, 2016</u>
Loan - Luther Forest Technology Campus Economic Development Corp ("LFTC")	\$ 500,000	\$ -	\$ 100,000	\$ 400,000
Loan - Frank and Marie Rossi	250,000	-	250,000	-
Lease - Saratoga Count Water Authority ("SCWA")	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
	<u>\$ 1,750,000</u>	<u>\$ -</u>	<u>\$ 350,000</u>	<u>\$ 1,400,000</u>

LFTC is an entity which develops sites and services as the conduit for funding an advanced technology research and development park in the Towns of Malta and Stillwater in Saratoga County. The LFTC assumed the obligations of the Saratoga Economic Development Corporation (SEDC) for the repayment of a \$650,000 consolidated loan under the same terms as the previous agreement, releasing SEDC from repayment obligation. In 2013, the Agency approved an amended agreement providing for a principal payment schedule of \$50,000 in 2014 and \$100,000 in each of the years 2015 through 2020 with interest from August 1, 2014 at *libor*. The principal payment was made in 2016 and therefore the balance outstanding at December 31, 2016 was \$400,000.

In January 2011, the Agency loaned \$250,000 to Frank and Rose Marie Rossi to be used for the purpose of certain surveys, landscape, architectural plans and engineering, and environmental, traffic and infrastructure studies required by the Town of Ballston and other State agencies for the approval of the construction of a planned mixed industrial development district. The Agency holds a note and mortgage on the project. The borrowers are jointly and individually obligated under the arrangement. The total amount of principal and interest was paid in January 2016. Interest at the rate of 0.78375% was initially payable in January 2012 and annually each January thereafter.

In May 2015, the Agency leased the acquisition and construction of an outfall structure and diffuser system to the SCWA for \$1,000,000. Annual payments of interest only, at .69%, are required through 2020. Annual payments of principal of \$200,000 and interest, at .69%, are required for the years 2021 to 2025.

**3. FIXED ASSETS**

In prior years, the Agency developed land in the Moreau Rail Acquisition Project at a net cost of \$168,138.

**SARATOGA COUNTY**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*  
*DECEMBER 31, 2016*

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**4. FEE SHARING AGREEMENTS**

The Agency has agreements with Saratoga Economic Development Corporation (SEDC) and Saratoga County Prosperity Partnership, Inc. (SCPP) in which administrative fees for project costs up to \$10 million are shared equally and administrative fees for project costs from \$10 million to \$20 million are shared with 75% to the Agency and 25% to SEDC or SCPP. Fees shared with SEDC amounted to \$81,648 and were reported as an offset to administrative fee income in the statement of revenues, expenses and change in net position for the year ended December 31, 2016.

**5. DESIGNATED NET POSITION**

The Board of Directors has designated \$1,165,547 in net position for projects relating to the Luther Forest Technology Campus.

**SUPPLEMENTAL INFORMATION**

**SARATOGA COUNTY**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
 STATEMENT OF INDEBTEDNESS  
 FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Project Description</u>	<u>Original Issue Date</u>	<u>Outstanding January 1, 2016</u>	<u>Issued During 2016</u>	<u>Principal Payments 2016</u>	<u>Outstanding December 31, 2016</u>	<u>Final Maturity Date</u>
American Housing Foundation, Inc.	2006	\$ 3,940,000	-	\$ 100,000	\$ 3,840,000	2036
Disabled Citizens Development Corp.	2006	97,379	-	82,988	14,391	2017
Malta Ambulance Corps.	2002	902,258	-	87,088	815,170	2023
Saratoga Hospital - Emergency Department	2007	12,040,000	-	530,000	11,510,000	2032
Saratoga Hospital - Wilton/Malta Arts	2007	15,130,000	-	595,000	14,535,000	2032
Woodlawn Commons, Inc.	1998	5,775,043	-	576,893	5,198,150	2024
Global Foundries	2013	53,450,000	-	6,015,000	47,435,000	2021
		<u>\$ 91,334,680</u>	<u>\$ -</u>	<u>\$ 7,986,969</u>	<u>\$ 83,347,711</u>	



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MEMBERS OF:  
NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Saratoga County  
Industrial Development Agency  
Saratoga, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Saratoga County Industrial Development Agency, as of and for the year ended December 31, 2016, and the related notes to the financial statements, and have issued our report thereon dated February 21, 2017.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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, we did identify a deficiency in internal control that we consider to be a significant deficiency:

*Outsourcing of Financial Statement Preparation Process to Your Auditors*

Statement on Auditing Standards "Communicating Internal Control Related Matters Identified in an Audit" issued by the American Institute of Certified Public Accountants requires the reporting of a significant deficiency if the Organization does not employ an individual with the necessary qualifications to prepare a complete set of financial statements and related footnotes in accordance with generally accepted accounting principles. Saratoga County Industrial Development Agency does not employ such a person. Governance and management have been advised of this previously and have concluded that the cost to rectify this comment would exceed the benefit.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Saratoga County Industrial Development Agency's financial statements are free from 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 results of that testing, and not to provide an opinion on the effectiveness of the Saratoga County Industrial Development Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Saratoga County Industrial Development Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CUSACK & COMPANY, CPA'S LLC**

Latham, New York  
February 21, 2017

*SARATOGA COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULE OF CURRENT YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2016*

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See "Outsourcing of Financial Statements Preparation Process to Your Auditors" comment on page 13.