

SARATOGA COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

REGULATORY BASIS
FINANCIAL STATEMENTS

DECEMBER 31, 2010

SARATOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
FINANCIAL STATEMENTS
DECEMBER 31, 2010

	<u>Pages</u>
Independent Auditors' Report	1-2
Regulatory Basis Financial Statements	
Balance Sheet	3
Statement of Revenues, Expenses and Changes in Fund Balance	3
Statement of Cash Flows	3
Notes to Financial Statements	4-8
Independent Auditors' 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	9-10

WILSON, STARK & BASILA
Certified Public Accountants, P.C.
132 Mohawk Street
PO Box 260
Cohoes, New York 12047

Tel (518) 237-3641
FAX (518) 237-8940

Donald A. Wilson, C.P.A. (1943-2003)
Marie E. Stark, C.P.A.
Bryan T. Basila, C.P.A.

INDEPENDENT AUDITORS' REPORT

Board of Directors
Saratoga County Industrial Development Agency

We have audited the accompanying regulatory basis financial statements of the Saratoga County Industrial Development Agency, a component unit of Saratoga County, as of and for the year ended December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of the Saratoga County Industrial Development Agency's management. 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 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 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.

As described in Note 1, the Agency prepared these financial statements using accounting principles prescribed by the New York State Office of the State Comptroller to demonstrate compliance with the State's regulatory basis of accounting, which practices differ from accounting principles generally accepted in the United States of America. See that note for the difference between the regulatory basis of accounting and accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Saratoga County Industrial Development Agency as of December 31, 2010 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles prescribed by the New York State Office of the State Comptroller.

In accordance with Government Auditing Standards, we have also issued our report dated April 5, 2011 on our consideration of the Saratoga County Industrial Development Agency's internal control over financial reporting and on our tests of its compliance with certain provision 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting and compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Board of Directors and State of New York Office of the State Comptroller and is not intended to be and should not be used by anyone other than these specific parties.

Very Truly Yours,
WILSON, STARK & BASILA
Certified Public Accountants, PC

B. T. Basila

BRYAN T. BASILA, CPA

Dated: April 5, 2011

SARATOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Balance Sheet
December 31, 2010

Assets:	
Current assets:	
Cash - money market	\$ 1,099,910
Certificates of deposit	1,047,756
Loans receivable	950,000
Interest receivable	<u>2,719</u>
Total current assets	3,100,385
Fixed assets	<u>168,138</u>
Total assets	\$ <u>3,268,523</u>
Liabilities - accounts payable	54,484
Fund balance	<u>3,214,039</u>
Total liabilities and fund balance	\$ <u>3,268,523</u>

Statement of Revenues, Expenses and Changes in Fund Balance
For the Year Ended December 31, 2010

Revenue:	
Fees	27,000
Interest	32,651
Other	<u>20</u>
Total revenue	59,671
Expenses:	
Grants	278,400
Regulatory fees (paid under protest)	54,484
Contract - CEO	27,500
Contract - Saratoga County	22,500
SEDC - fee splits	13,125
Professional fees	8,103
Insurance	3,375
Other expenses	<u>1,418</u>
Total expenses	408,905
Excess (expenses) over revenues	(349,234)
Fund balance at beginning of year	<u>3,563,273</u>
Fund balance at end of year	\$ <u>3,214,039</u>

Statement of Cash Flows
For the Year Ended December 31, 2010

Operating activities:	
Excess of (expenses) over revenues	(349,234)
Increase in loans and interest receivable	(102,719)
Increase in accounts payable	<u>54,484</u>
Net cash (used) by operating activities	(397,469)
and net (decrease) in cash	<u>2,545,135</u>
Cash at beginning of year	<u>2,545,135</u>
Cash at end of year	\$ <u>2,147,666</u>

See independent auditors' report.

SARATOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements
December 31, 2010

1. Organization and Significant Accounting Policies

Business Activity

The Saratoga County Industrial Development Agency (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 Saratoga County. The Agency is a component unit of the County. The County appoints the Agency's governing board and also accounts for the Agency's transactions.

Basis of Accounting

The financial statements of the Saratoga County Industrial Development Agency have been prepared in conformity with accounting principles prescribed by the New York State Office of the State Comptroller for complying with General Municipal Law, Section 859, in which every Industrial Development Agency is required to make an annual financial report. The most significant difference between this regulatory basis of accounting and generally accepted accounting principles (GAAP) is that the Government Accounting Standards Board (GASB) Statement 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" need not be implemented to meet the requirements of General Municipal Law. GASB 34 would require significant additional changes including:

- . Government-Wide Reporting
- . Focus on Funds
- . Changes in Budgetary Reporting
- . Full Accrual Accounting Including Depreciation
- . Management Discussion and Analysis
- . Capitalization of Infrastructure Assets

Management has determined that auditing the financial statements utilizing the Comprehensive Basis of Accounting as prescribed by the State Comptroller as described above, as opposed to GAAP, makes fiscal sense for the Agency.

Income Taxes

The Agency operates as an independent entity and is exempt from Federal, New York State and local income taxes.

See independent auditors' report.

(continued)

SARATOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements, Continued
December 31, 2010

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 project administration fees from the borrowing companies. These fees are recognized in income upon the closing and issuance of bonds, notes or straight lease transactions. At December 31, 2010 the outstanding financing balance of bonds and notes (issued in the name of the Agency) of the borrowing companies on open projects was \$95,798,218.

The Agency has not issued any of its own obligations through December 31, 2010.

3. Receivables

Receivables at December 31, 2010:

Luther Forest Technology Campus EDC	\$650,000
Town of Corinth	<u>300,000</u>
	<u>\$950,000</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 the Towns of Malta and Stillwater in Saratoga County. In 2007 the LFTC EDC assumed the obligations of the Saratoga Economic Development Corporation (SEDC) for the repayment of a \$650,000 consolidated loan (see details in the following paragraph) under all of the same terms as the previous agreement with SEDC. The LFTC EDC released SEDC from any obligation for repayment. In 2010 the Agency agreed to extend the date for the repayment of the LFTC EDC loan to July 31, 2011 with interest from August 1, 2010 at a rate of 1.4266%.

See independent auditors' report.

(continued)

SARATOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements, Continued
December 31, 2010

3 - Receivables (continued)

The Agency loaned amounts to SEDC for the development of a high-tech research and development park with three loans totaling \$650,000, which were consolidated into one loan agreement in 2004.

In October 2009 the Agency committed to a \$300,000 loan to the Town of Corinth for the rehabilitation of an Adirondack branch rail line the Town owns to enhance economic development in the area. The committed amount was advanced to the Town in December 2009 and February 2010. This note was renewed at an interest rate of .84625% and is due December 2011.

4. Property of the Agency - Fixed Assets

The Agency constructed a rail spur for one of its project 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 and was reimbursed \$258,000 for the land development. The net amount of \$35,738 represents the Agency's cost.

5. Investment of Cash

The Agency's investment policies are governed by New York Statutes, as well as the Agency's 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 localities.

Deposits at December 31, 2010 totaling \$2,239,745 were covered by FDIC insurance or collateral investments, as required.

See independent auditors' report.

(continued)

SARATOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements, Continued
December 31, 2010

6. Fund Balance and Commitments

The Agency committed \$75,000 in a prior year toward a public infrastructure grant in a industrial park in Saratoga County.

In 2010 a grant of \$200,000 was made to Saratoga Economic Development Corporation (SEDC) for the purpose of promoting and marketing Saratoga County to attract and enhance the economic opportunities within the County. Periodic payments under this agreement in 2010 amounted to the total grant amount. Additional grants in 2010 amounted to \$78,400.

In 2009 the Agency reaffirmed the dedication of a portion of its fund balance (\$1,500,000 or 50% of its unrestricted net assets, whichever is lower) to be used for economic development projects that display the potential to create additional job opportunities for residents of Saratoga County. During 2009 and 2010 other loans \$250,000 and grants \$26,880 were approved and committed under this program but none of the loans were finalized or grants made in 2010.

7. Annual Report Filing

The Agency is required to file an annual report in a specific on-line format called the Public Authorities Reporting Information System (PARIS). Such report is filed with the State agency which oversees the operations of various State authorities, including Industrial Development Agencies.

Supplemental information in the annual report filing for the Agency projects including general information, location and employment information is available from initial data provided by the project companies. Project employment at December 31, 2010 and construction jobs created during 2010 (for any projects in the construction phase) are also provided by the project companies. Property tax exemptions and PILOTS paid are included based on the Agency's records. Conduit debt is reported based on amounts provided by project companies with outstanding project bonds, including any increases and payments during the year and conduit debt calendar year end balances. Project companies report the amount of sales tax savings as a result of IDA status for projects in the construction phase and mortgage recording savings at closing as additional project tax exemptions. Average estimated salary data is reported as -0- for projects closed through 2007 are not required to provide such data. The Agency has amended its project application to require companies to report all estimated salary information consistent with the office of the NYS Comptroller's (OSC) requirements for all projects closed after 2007.

See independent auditors' report.

(continued)

SARATOGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
Notes to Financial Statements, Continued
December 31, 2010

7. Annual Report Filing, continued

The required reporting for straight lease projects did not require annual lease payment for projects closed through 2007, therefore, the amount reported as annual lease payment is zero (-0-), consistent with OSC's required reporting.

See independent auditors' report

WILSON, STARK & BASILA

CERTIFIED PUBLIC ACCOUNTANTS, P.C.

132 MOHAWK STREET

COHOES, NEW YORK 12047

TEL (518) 237-3641

FAX (518) 237-8940

DONALD A. WILSON, C.P.A. (1943-2003)
MARIE E. STARK, C.P.A.
BRYAN T. BASILA, C.P.A.

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

To the Board of Directors
Saratoga County Industrial Development Agency

We have audited the regulatory basis financial statements of Saratoga County Industrial Development Agency, a component unit of Saratoga County, as of and for the year ended December 31, 2010, and have issued our report thereon dated April 5, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Saratoga County Industrial Development Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Saratoga County Industrial Development Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Saratoga County Industrial Development Agency's internal control over financial reporting.

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 Agency's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Saratoga County Industrial Development Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than the specified parties.

Very truly yours,
WILSON, STARK & BASILA
Certified Public Accountants, PC

B. T. Basila

BRYAN T. BASILA, CPA

Dated: April 5, 2011