

Saratoga County Capital Resource Corporation

Annual Report Fiscal Year 2018

03/01/2018

Addresses operations and accomplishments, compliance with Public Authorities Law, fund balance, loan and grant program, projects undertaken, performance measurement report, projects completed, internal control assessment, property owned by the Agency, revenues and expenditures and investment report.

Saratoga County Capital Resource Corporation

Annual Report FY 2018

Operations and Accomplishments

Administrative Staff

The Saratoga County Capital Resource Corporation (SCCRC) employs a Chief Executive Officer (CEO) as an independent contractor, pursuant to a professional service contract. The CEO is assisted by a Chief Financial Officer. An administrative secretary serves pursuant to a contract for services. Raymond O’Conor has served as CEO since February 1, 2014. He is a retired bank CEO, former president of a local not for profit economic development agency, and served as treasurer of SCCRC until January 31, 2014. Jeffrey Reale has served as CFO since January 23, 2014. Mr. Reale is a certified public accountant with over twenty years of government accounting experience. He served as a volunteer through 2016. He now is in the CFO’s role pursuant to a professional service contract.

Compliance with Public Authorities Accountability Act (PAAA)

SCCRC established an Audit Committee and Governance Committee to which independent board members have been appointed in accordance with the board adopted Audit and Governance Committee Charters. In 2013 the board established a Finance Committee and an Investment Committee and likewise, appointed independent directors to those committees. All board members have executed the Acknowledgement of Fiduciary Duties of Board Members. A Mission Statement and Performance Standards have been adopted by the board. SCCRC Board members have completed board evaluation forms for 2018, a summary of which has been submitted to ABO. All board members who served throughout 2018 completed their training required under the PAAA. 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 saratogacapitalresource.com

Financial Report

Pursuant to state legislation enacted in 1990, SCCRC commissioned an independent audit of its 2018 fiscal year in conformance with criteria provided by the Office of New York State Comptroller. The audit report found the financial operations and record keeping of SCCRC in conformity with generally accepted accounting principles and in compliance with all relevant laws and regulations of New York State. The audit report is filed online with the Office of the State Comptroller and will be available for review on the SCCRC website at saratogacapitalresource.com. A detailed financial report appears later in this document.

Internal Controls

The SCCRC’s internal control system requires two signatures to authorize any expenditures. Signatories are limited to the Chairman, Vice Chairman, Treasurer and CEO. Financial statements are presented to the board at every board meeting to report all revenues and expenditures, investments and cash balances. An investment policy based on the NYS Comptrollers requirements for municipalities dictates investment options. The CFO, who is also a CPA with a strong background in government accounting and finance, prepares SCCRC’s financial statements. He has independent view only online access to bank statements. The CEO receives paper statements and can also view account activity online.

Grants

One grant was made in 2018 to the Saratoga County Veterans Service Agency (SCVSA). Among other services, SCVSA assists Veterans with job training and placement.

Budgets

SCCRC annual operating budgets for 2017-2022 can be examined on its web site and are available upon request. A report on 2018 revenues/expenditures, assets and liabilities is contained herein.

Projects Undertaken

A project is defined as the granting of financial assistance by SCCRC to a private not for profit or for profit entity, typically for the construction, renovation, expansion and equipping of facilities. The low interest rate environment has also been conducive to organizations seeking the refinance of existing debt. Interest expense savings are redeployed in order to expand or sustain services and employment. Assistance is typically in the form of the issuance of tax exempt debt.

Skidmore College

A bond issue of \$34,185,000.00 was closed in 2018. The issue was for construction of a new campus Integrated Sciences Center. Construction is well underway.

Hudson Headwaters Health Network

Hudson Headwaters Health Network is a not for profit health care system operating several facilities in Upstate New York, including Saratoga County. \$6,442,663 in bonds were issued in 2018 to construct a new health care facility in the Town of Moreau in Saratoga County. Construction has begun.

Mission Statement and Performance Measurement Report (Adopted: January 3, 2013)

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 SCCRC mission statement, performance measures and measurement report is published below. The following mission statement and performance measurements were distributed to the SCCRC Board and adopted in 2013. It follows the ABO's recommended format.

Mission Statement and Performance Measurements

Name of Public Authority: Saratoga County Capital Resource Corporation, (hereafter the SCCRC).

Mission Statement: The SCCRC is a Local Development Corporation established by the County of Saratoga Board of Supervisors and certified by the NYSDOS November 14, 2012. The mission of the Corp. involves in part, the following:

(a) promoting community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of the County by developing and providing programs for not-for-profit institutions, manufacturing and industrial businesses and other entities to access low interest tax-exempt and non-tax-exempt financing for their eligible projects; and

(b) undertaking projects and activities within the County for the purposes of relieving and reducing unemployment, bettering and maintaining job opportunities, attracting new industry to the County, encouraging the development of, or retention of, an industry in the County, and lessening the burdens of government and acting in the public interest.

List of Performance Goals and Accomplishments:

- ! New Businesses and Not-For-Profits Assisted
- ! Existing Businesses and Not-For-Profits Assisted
- ! Jobs Created and Maintained.
- ! Salaries of Jobs Created/Retained.
- ! Private Investment from Assisted Projects.

Measurement Report 2018

Organization	Description	FTE's Created	FTE's Retained	Construction Jobs	Permanent Jobs
Skidmore College	\$34,185,000		830	125	
Hudson Headwaters Health Network	\$ 6,442,663		17	11	

Financial Report

Statement of Financial Position December 31, 2018

Assets	
Cash	\$217,488
Certificates of Deposit	\$400,000
Accrued Interest Receivable	<u>\$ 2,301</u>
	\$619,789
Liabilities & Net Assets	
Accrued Expense	\$ 600
Unrestricted Net Assets	\$619,189

Statement of Activities For the Year Ended December 31, 2018

Revenues	
Administrative Fees	\$150,000
Interest	<u>2,549</u>
Total Revenue	\$152,549
Expenses	
Contracted Services	\$ 39,450
Grant Expense	1,500
Dues and Membership Fees	743
Marketing	3,970
Conferences	1,010
Insurance	2,718
Office Expenses	<u>1,006</u>
Total Expenses	<u>\$ 50,397</u>
Change in Net Assets	\$102,152
Net Assets, Beginning of Year	<u>\$517,037</u>
Net Assets, End of Year	<u>\$619,189</u>

Investment Report

All of SCCRC's funds are deposited in a FDIC insured bank checking account or FDIC insured bank certificates of deposit. During the year, 100% of SCCRC's funds were insured by the FDIC, or collateralized with approved securities held in a custodial account with a third party bank.

Purpose of Report:

Under Section 2925(6) of the Public Authorities Law, the Saratoga County Capital Resource Corporation ("SCCRC") is required to prepare and approve an annual Investment Report. The Investment Report is to include: the investment guidelines, the results of the annual independent investment audit, a list of the total investment income received by the corporation and a list of the fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associates services to the corporation since the last Investment Report.

Investment Guidelines:

In accordance with Section 2925 of the Public Authorities Law, the SCCRC is required to adopt Investment Guidelines which detail its operative policy and instructions to staff regarding the investing, monitoring and reporting of funds of the Agency. In addition, the SCCRC is subject to the deposit and investment restrictions contained in Sections 10 and 11 of the General Municipal Law. Investment Guidelines were approved by the SCCRC Governing Board on January 3, 2013.

Investment Audit:

The auditor for SCCRC has audited the corporation's compliance with the Investment Guidelines for Public Authorities. In their report dated January 30, 2019 Cusack & Company CPAs LLC indicated that the Agency complied, in all material respects, with these Investment Guidelines.

Account type	Purpose	Institution	Balance 1/1/18	Balance 12/31/18	Rate 12/31/18	Maturity date	Income 12/31/18
Checking	Operating	Ballston Spa NB	\$518,062	\$217,488	.05%	N/A	\$ 248
Cert. of Deposit	Investment	Ballston Spa NB		100,000	1.85%	3/25/19	463
Cert. of Deposit	Investment	Ballston Spa NB		100,000	2.10%	9/28/19	525
Cert. of Deposit	Investment	Ballston Spa NB		100,000	2.50%	9/28/20	625
Cert. of Deposit	Investment	Ballston Spa NB		100,000	2.75%	9/28/21	688
			\$518,062	\$617,488			\$2,549

Additional Matters:

1. Have the board members acknowledged that they have read and understood the mission of the public authority.

Yes

2. Who has the power to appoint the management of the public authority?

The Board of Directors

3. If the Board appoints management, do you have a policy you follow when appointing the management of the public authority?

Appointments are subject to review by the Governance Committee and Board.

The Board is responsible for hiring SCCRC management and ongoing oversight and evaluation of the effectiveness of management. The Governance Committee evaluates management's performance and reports its findings to the Board. The Board and its committees are responsible for establishing and periodically reviewing SCCRC's system of risk assessment and internal controls over financial reporting. This includes the review and approval of audited financial statements, associated management letters, report on internal controls and all other auditor communications. The Board is responsible for the development and periodic review, evaluation and amendment of SCCRC's governance, practices and to ensure that these practices address transparency, independence, accountability, fiduciary responsibilities and management oversight.

The CEO is responsible for the administration and operations of SCCRC and the implementation of the policies and directives of the Board. Along with the CFO, the CEO furnishes financial and other reports as may be required. The CEO is responsible for supervising the implementation and maintenance of those systems and processes related to performance of SCCRC's objectives including the internal controls, financial reporting, measuring corporate performance and for furnishing the Board with information regarding those functions. The CFO prepares the periodic financial and budget reports for the Board and the CFO and CEO are responsible for the preparation and submission of the Annual Budget to the Board for adoption and to keep the Board informed as to the financial needs and condition of SCCRC.

4. Have the Board members read and do they understand the responses to each of these questions?

Yes