

Saratoga County Capital Resource Corporation

Annual Report Fiscal year 2013

03/26/2014

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 2013

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 volunteer Chief Financial Officer, who is a certified public accountant. An administrative secretary serves pursuant to a contract for services. The SCCRC's interim CEO Lawrence Benton announced his desire to step down no later than January 31, 2014. In 2013 the board appointed Raymond O'Connor, a recently retired bank CEO, former president of a local not for profit economic development agency and treasurer of SCCRC to succeed Mr. Benton. Mr. O'Connor's term as treasurer terminated on January 31, 2014 and his role as CEO commenced on February 1, 2014. Jeffrey Reale replaced Ryan Moore as CFO on January 23, 2014. Mr. Reale is a certified public accountant with over twenty years of government accounting experience.

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 has filed Board evaluation forms for 2013 with the ABO. All board members who served in 2013 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 www.saratogacountyny.gov.

Financial Report

Pursuant to state legislation enacted in 1990, SCCRC commissioned an independent audit of its 2013 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 report noted one deficiency in that SCCRC did not employ its own accountant with the necessary qualifications to prepare a complete set of financial statements and related footnotes in compliance with generally accepted accounting principles. Management and the board deemed that the simplicity and limited activity of SCCRC financial activity did not warrant the expense. SCCRC's recently appointed new CFO is a CPA and now prepares the financial statements curing this deficiency. The audit report is filed online with the Office of the State Comptroller and will be available for review on the SCCRC website at www.saratogacountyny.gov. A detailed financial report appears later in this document.

Internal Controls

The SCCRC established its preliminary internal control system by requiring two signatures to authorize any expenditures. Signatories are limited to the Chairman, Vice Chairman, Treasurer and CEO. A spread sheet is presented to the board showing cash disbursements and receipts and will be used to report all revenues and expenditures, investments and cash balances at board meetings. An investment policy based on the NYS Comptrollers requirements for municipalities dictates investment options. In the 2013 independent audit, Cusack & Company CPA's LLC noted that management's representation of the financial condition presents "fairly, in all material respects, the financial position of SCCRC as of December 31, 2013". The audit did note a deficiency in internal controls in that SCCRC did not employ an individual or firm to prepare its internal financial statements. In January 2014 the board appointed a new CFO who is also a CPA with a strong background in government accounting and finance who now prepares SCCRC's financial statements. This action cures the noted weakness.

Direct Financial Assistance

SCCRC manages a fund balance generated from the collection of fees charged to assist applicants. The board of directors did not receive any direct financial assistance applications in 2013.

Grants

SCCRC did not receive any grant applications in 2013.

Budgets

SCCRC annual operating budgets for 2012-2017 can be examined on its web site or are available upon request. A report on 2013 revenues/expenditures, assets and liabilities is contained herein.

Employment

No field verification visits of SCCRC beneficiaries were necessary due to the absence of reportable activity.

Projects Undertaken

A project is defined as the granting of financial assistance by the Agency to a private not for profit or for profit entity, typically for the construction, renovation, expansion and equipping of facilities. Assistance is typically in the form of the issuing tax exempt debt.

Saratoga Hospital

In keeping with its mission and goals, SCCRC approved two tax-exempt civic facility bond issues in 2013 for Saratoga Hospital. The first funding was in the amount of \$22,430,000 for the primary purpose of consolidating existing indebtedness, reducing the financing costs to the hospital. That tax-exempt revenue bond issue closed in 2013. The second issue for Saratoga Hospital, variable rate demand revenue bonds in the amount of \$25,000,000, was for the principal purpose of constructing an intensive care unit, respiratory therapy unit, operating wing and related improvements, fixtures and equipment. Although approved in 2013, the closing for that transaction and activity related to that project did not take place until January 2014.

Mission Statement and Performance 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 SCCRC mission statement, performance measures and measurement report for 2013 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.

Adopted: January 3, 2013

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 for 2013:

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

Measurement Report 2013

Organization	Description	FTE's Created	FTE's Retained	Construction Jobs	Permanent Jobs	Annual Payroll
Saratoga Hospital	\$22,430,000 Tax Exempt Bond Refunding		1,200			\$68 million

Financial Report

Statement of Financial Position December 31, 2013

Assets	
Cash	<u>\$122,439</u>
Liabilities & Net Assets	
Accrued Expense	\$6,300
Unrestricted Net Assets	<u>116,139</u>
	<u>\$122,439</u>

Statement of Activities For the Year Ended December 31, 2013

Revenues	
Administrative Fees	\$132,075
Interest	<u>62</u>
Total Revenue	\$132,137
Expenses	
Contracted Services	13,750
Insurance	2,194
Office Expenses	<u>54</u>
Total Expenses	15,998
Change in Net Assets and Net Assets, Ending	\$116,139

Investment Report

All of SCCRC's funds are deposited in an FDIC insured bank account. During the year 100% of SCCRC's funds were insured by the FDIC. SCCRC has established a collateral custodial account with a third party bank which will hold securities to collateralize deposits in excess of the FDIC insurance limit of \$250,000.

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?

No

The Board is responsible for hiring SCCRC management and ongoing oversight and evaluation of the effectiveness of management. 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, the implementation of the policies and directives of the Board; furnishing 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 respecting those functions. The CEO is 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. Has the Board acknowledged that they have read and understood the responses to each of these questions?

Yes