

# Saratoga County Capital Resource Corporation

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Annual Report Fiscal Year 2017

03/19/2018

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 2017**

**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 2017, a summary of which has been submitted to ABO. All board members who served throughout 2017 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](http://www.saratogacountyny.gov).

**Financial Report**

Pursuant to state legislation enacted in 1990, SCCRC commissioned an independent audit of its 2017 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 [www.saratogacountyny.gov](http://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. 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. In the 2017 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 SCCR as of December 31, 2017*. 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.

### **Direct Financial Assistance**

SCCRC manages a fund balance generated from the collection of fees charged to assist applicants. No direct financial assistance applications were received in 2017.

### **Grants**

No grants were made in 2017, however, the Board of Directors is developing a grant program to assist small not for profit organizations with capital projects that will help retain jobs and allow these critical community organizations to carry out their mission.

### **Budgets**

SCCRC annual operating budgets for 2016-2021 can be examined on its web site and are available upon request. A report on 2017 revenues/expenditures, assets and liabilities is contained herein.

### **Employment**

The CEO visited Saratoga Hospital to inspect the construction activity related to its Series 2014 bonds. Construction of the hospital's new ICU, respiratory therapy unit, operating room wing and other improvements are proceeding as planned. The CEO spoke with the hospital's CFO who stated all work should be completed in 2018. Most of the jobs associated with the project have already been filled.

### **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.

#### **Saratoga Hospital**

A bond issue of \$49,870,000.00 was closed in January 2017. The issue was a consolidation of existing debt. The refinance, at a lower interest rate, will allow Saratoga Hospital to significantly reduce interest expense and enhance its ability to carry out its mission and retain jobs.

#### **R.W. Preservaion, LLC**

R.W. Preservation, known more commonly as the Raymond Watkin Senior Apartments, is a HUD subsidized apartment building in the City of Saratoga Springs for low to moderate income senior citizens. A bond issue was closed in December 2017 for \$15,000,000.00. This was principally a refinance of existing debt, with a portion (approximately \$3,000,000.00) to be used for capital improvements and updates to the property.

## **Trinity Health Corporation / St. Peter's Health Partners**

Trinity Health Corporation is a large, multi-state organization that issued debt through the Michigan Finance Authority in 2017. Its subsidiary, St. Peter's Health Partners, has a facility in Clifton Park that is to be the beneficiary of up to \$20,000,000.00 of the Michigan Finance Authority issue. Trinity Health Corporation was required by statute to hold a public hearing and receive approval from the Saratoga County Capital Resource Corporation, although it is not an issuer or obligor of the debt.

### **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 for 2016 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 for 2017:**

- ! 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 2017

| Organization      | Description  | FTE's<br>Created | FTE's<br>Retained | Construction<br>Jobs | Permanent<br>Jobs |
|-------------------|--------------|------------------|-------------------|----------------------|-------------------|
| Saratoga Hospital | \$49,870,000 | 19.7             | 1,250.9           |                      |                   |
| RW Preservation   | \$15,000,000 |                  | 3.5               | 55-60                |                   |

One new application was received in 2017. Skidmore College plans to build a new Integrated Sciences Center on its campus in Saratoga Springs. The total project cost is estimated at \$67,500,000.00. Skidmore will finance \$35 million to \$45 million. Skidmore anticipates 125 temporary construction jobs will be created. 828 full time, 44 part time and 310 temporary jobs will be retained. A closing is anticipated in March 2018 with construction to begin in the spring of 2018.

### Financial Report

#### Statement of Financial Position December 31, 2017

|                                     |                         |
|-------------------------------------|-------------------------|
| <b>Assets</b>                       |                         |
| Cash                                | <b><u>\$518,062</u></b> |
| <b>Liabilities &amp; Net Assets</b> |                         |
| Accrued Expense                     | <b>\$ 1,025</b>         |
| <b>Unrestricted Net Assets</b>      | <b><u>\$517,037</u></b> |

#### Statement of Activities For the Year Ended December 31, 2017

|                                      |                         |
|--------------------------------------|-------------------------|
| <b>Revenues</b>                      |                         |
| Administrative Fees                  | <b>\$325,175</b>        |
| Interest                             | <b><u>214</u></b>       |
| <b>Total Revenue</b>                 | <b>\$325,389</b>        |
| <b>Expenses</b>                      |                         |
| Project Expense                      | <b>-</b>                |
| Contracted Services                  | <b>38,575</b>           |
| Dues and Membership Fees             | <b>10,759</b>           |
| Marketing                            | <b>3,600</b>            |
| Conferences                          | <b>2,156</b>            |
| Insurance                            | <b>2,697</b>            |
| Office Expenses                      | <b><u>358</u></b>       |
| <b>Total Expenses</b>                | <b><u>58,145</u></b>    |
| <b>Change in Net Assets</b>          | <b>\$267,244</b>        |
| <b>Net Assets, Beginning of Year</b> | <b><u>\$249,793</u></b> |
| <b>Net Assets, End of Year</b>       | <b><u>\$517,037</u></b> |

## Investment Report

All of SCCRC's funds are deposited in a FDIC insured bank account. 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.

### 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, 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 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