

**TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY**

**FINANCIAL STATEMENTS
and
INDEPENDENT AUDITOR'S REPORT**

December 31, 2012 and 2011

**TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY**

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INDEPENDENT AUDITOR'S REPORT

Chairman and Members
Town of Clifton Park Industrial Development Agency
Clifton Park, New York

Report on the Financial Statements

We have audited the accompanying statements of net position of the Town of Clifton Park Industrial Development Agency (Agency), as of December 31, 2012 and 2011, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years 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 audits. We conducted our audits 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 audits 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 entity'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 entity'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Town of Clifton Park Industrial Development Agency as of December 31, 2012 and 2011, and the changes in its financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis and budgetary comparison information 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 affected by this missing information.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the Agency's basic financial statements. The schedule of indebtedness is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of indebtedness 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 audits 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 schedule of indebtedness 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 March 25, 2013, 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 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 Agency's internal control over financial reporting and compliance.

Bollam Sheedy Torani & Co LLP

Albany, New York
March 25, 2013

**TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY**

STATEMENTS OF NET POSITION

	<u>December 31,</u>	
	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 154,604	\$ 166,197
Prepaid expenses and other	<u>2,043</u>	<u>2,043</u>
Total assets	<u>\$ 156,647</u>	<u>\$ 168,240</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 181	\$ 1,425
NET POSITION, unrestricted	<u>156,466</u>	<u>166,815</u>
Total liabilities and net position	<u>\$ 156,647</u>	<u>\$ 168,240</u>

**TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY**

**STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION**

	Years Ended December 31,	
	2012	2011
OPERATING REVENUES		
Charges for services	\$ 31,351	\$ 115,624
OPERATING EXPENSES		
Administrative fees	\$ 7,500	5,425
Conference and seminars	770	620
Consultants	396	129
Dues and memberships	2,933	2,933
Insurance	1,750	1,750
Office expense	-	55
Professional fees	10,885	7,925
Program fees	15,426	57,269
Travel and mileage	2,123	1,230
	41,783	77,336
Operating (loss) income	(10,432)	38,288
OTHER REVENUES		
Interest income	83	270
CHANGE IN NET POSITION	(10,349)	38,558
NET POSITION, <i>beginning of year</i>	166,815	128,257
NET POSITION, <i>end of year</i>	\$ 156,466	\$ 166,815

The accompanying Notes to Financial Statements are an integral part of these statements.

**TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY**

STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2012	2011
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Cash received from providing services	\$ 31,351	\$ 115,624
Cash payments contractual expenses	<u>(43,027)</u>	<u>(76,954)</u>
	<u>(11,676)</u>	<u>38,670</u>
 CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Interest income	<u>83</u>	<u>270</u>
Net (decrease) increase in cash	(11,593)	38,940
 <i>CASH, beginning of year</i>	<u>166,197</u>	<u>127,257</u>
 <i>CASH, end of year</i>	<u>\$ 154,604</u>	<u>\$ 166,197</u>
 RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating (loss) income	\$ (10,432)	\$ 38,288
Changes in operating assets and liabilities		
Prepaid expenses and other	-	(1,043)
Accounts payable	<u>(1,244)</u>	<u>1,425</u>
	<u>\$ (11,676)</u>	<u>\$ 38,670</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

**TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011**

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization and Purpose

The Town of Clifton Park Industrial Development Agency (Agency) was created in 1980 under the provisions of Chapter 630 of the General Municipal Laws of 1980 of the State of New York for the purpose of encouraging economic growth in the Town of Clifton Park, New York (Town). The Agency, although established by the Clifton Park Town Board, is a separate entity and operates independently of the Town.

The Agency's function is to authorize the issuance of industrial revenue bonds for industrial development projects and to assist business 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 preparation of the accompanying financial statements follows.

b. Basis of Accounting and Financial Statement Presentation

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. The Governmental 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 on the statements of net position.

c. Use of Estimates

The preparation of financial statements requires management 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

d. Cash

In accordance with New York State statutes, Agency monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The Agency is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit that are in excess of FDIC limits. Certificates of deposit purchased with a maturity of three months or less are considered cash equivalents. Obligations that may be pledged as collateral are obligations of the United States and its agencies or the State and its municipalities and school districts. The Agency's deposits were fully insured or collateralized at December 31, 2012 and 2011.

e. Revenue Recognition

Revenue is generated from project application and administration fees and interest income. Revenue is recognized when earned, and expenses are recognized when incurred. The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues are determined based on the services provided by the Agency. Operating expenses include the costs associated with providing those services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Agency has a support and marketing agreement with Saratoga Economic Development Corporation (SEDC) to split fees collected by the Agency for financial assistance provided on behalf of SEDC applicants.

**TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011**

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

f. Tax Status

The Agency is exempt from federal, state, and local income taxes.

g. Industrial Revenue Bond and Straight Lease Transactions

Certain industrial development revenue bonds and straight leases issued by the Agency are secured by property which is leased to companies and is retired by these payments. The bonds and straight leases are not obligations of the Agency or New York State. The Agency does not record the assets or liabilities resulting from completed bonds, and straight leases issued in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond and lease holders, and funds arising there from are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives administration fees from the borrowing companies. Such administration fee income is recognized immediately upon issuance of bonds and leases. At December 31, 2012, the original issue value of bonds issued aggregated \$25,080,000, and the outstanding balance was \$12,450,618. The outstanding balance was \$16,145,864 at December 31, 2011.

h. New Accounting Pronouncements

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, incorporates into the GASB's authoritative literature certain accounting and financial reporting pronouncements issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

The Agency adopted GASB Statements No. 62 and No. 63 as of January 1, 2012, and there was no significant impact to the financial statements.

i. Subsequent Events

The Agency has evaluated subsequent events that provide additional evidence about conditions that existed at the financial statement date through March 25, 2013, the date the financial statements were available to be issued.

j. Reclassification

Certain 2011 amounts have been reclassified to conform with the 2012 presentation.

NOTE 2 - TRANSACTIONS WITH OTHER GOVERNMENTS

The Agency collects Payments In Lieu of Taxes (PILOT) payments from projects and submits these payments to the appropriate local taxing jurisdictions. During 2012, the Agency collected and submitted \$460,140 to other government agencies. During 2011, the Agency collected and submitted \$601,659 to other government agencies. At December 31, 2012 and 2011, there were no balances due to or due from other governments.

PILOT receipts and PILOT payments are accounted for as pass-through transactions and are not included in the revenues or expenses of the Agency. The Agency is responsible for collecting and remitting the funds but does not bear the risk of loss if PILOT payments are not paid to the Agency by the respective companies.

**TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011**

NOTE 3 - ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

During March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of major fund calculations and limiting the use of the term deferred in the financial statements. This statement is effective for periods beginning after December 15, 2012, with earlier application encouraged.

During March 2012, GASB issued Statement No. 66, *Technical Corrections - an Amendment of Statements No. 10 and No. 62*. This statement establishes clarification on two recently issued statements; No. 54, *Fund Balance Reporting and Governmental Fund Type Definition* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement resolves conflicting guidance created as a result of the issuance of these two statements. This statement is effective for periods beginning after December 15, 2012, with earlier application encouraged.

During June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this statement.

The scope of this statement also addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have certain characteristics as defined in the statement. It establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. This statement is effective for periods beginning after June 15, 2014, with early implementation encouraged.

Management has not estimated the extent of the potential impact of these statements on the Agency's financial statements.

**TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY**

SUPPLEMENTARY INFORMATION - SCHEDULE OF INDEBTEDNESS

Project Description	Year Ended December 31, 2012							
	Original Issue Amount	Original Issue Date	Current Interest Rate	Outstanding January 1, 2012	Issued During 2012	Principal Payments 2012	Outstanding December 31, 2012	Final Maturity Date
DCG Maxwell Road	\$ 16,000,000	08/02	2.46%	\$ 10,079,000	\$ -	\$ 609,000	\$ 9,470,000	02/2013
Ushers Road	2,080,000	05/94	4.59%	445,415	-	157,991	287,424	09/2014
Plank Road Associates	3,500,000	09/03	5.25%	2,800,416	-	107,222	2,693,194	09/2013
YMCA Kidz Lodge - Note A	2,325,000	03/07	4.50%	1,991,350	-	1,991,350	-	09/2027
YMCA Kidz Lodge - Note B	1,175,000	03/07	4.50%	829,683	-	829,683	-	04/2017
	<u>\$ 25,080,000</u>			<u>\$ 16,145,864</u>	<u>\$ -</u>	<u>\$ 3,695,246</u>	<u>\$ 12,450,618</u>	

**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***

Chairman and Members
Town of Clifton Park Industrial Development Agency
Clifton Park, New York

We have audited, 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, the statement of net position of the Town of Clifton Park Industrial Development Agency (Agency), as of December 31, 2012, and the related statement of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 25, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 12-01 and 12-02.

The Agency's Response to Findings

The Agency's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Agency's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bollam Sheedy Torani & Co. LLP

Albany, New York
March 25, 2013

**TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY**

**SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2012**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None

Noncompliance material to financial statements? _____ Yes X No

Section II - Financial Statement Findings

None.

Section III - Compliance Findings

12-01. Investment Guidelines

Criteria: Section 2925 of Public Authorities Law states that all local authorities are to adopt comprehensive investment guidelines which detail the authority's operative policy and instructions to Board members and employees regarding the investing, monitoring and reporting of funds of the authority. This policy is to be reviewed and approved on an annual basis.

Condition: The Agency does not have an investment policy.

Effect: The Agency was not in compliance with Section 2925 of Public Authorities Law.

Cause: The Agency has not adopted an investment policy.

Recommendation: The Agency should develop and adopt an investment policy. This policy should be reviewed by the Board on an annual basis.

View of Responsible Officials and Planned Corrective Actions: An investment policy will be established and approved by the Board during 2013. This policy will be added to the Agency's website and reviewed on an annual basis.

12-02. Performance Measurement Report

Criteria: Section 2824 of Public Authorities Law states that all local authorities are to develop performance measures to assist the authority in determining how well it is carrying out its mission. Each year the authority is required to publish its performance measurement report.

Condition: The Agency has not prepared a performance measurement report.

Effect: The Agency was not in compliance with Section 2824 of Public Authorities Law.

Cause: The Agency has not developed performance measures.

Recommendation: The Agency should develop performance measurements and evaluate the Agency based on these measurements on an annual basis.

View of Responsible Officials and Planned Corrective Actions: The Board will review 2012 accomplishments to confirm that the mission of the Agency is being carried out. A process will be established to evaluate the Agency based on its performance measurements on an annual basis.