

**TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY**

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

December 31, 2010

**TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY**

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BOLLAM, SHEEDY, TORANI & CO. LLP
Certified Public Accountants
Albany, New York

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of net assets of the Town of Clifton Park Industrial Development Agency (Agency) as of December 31, 2010, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the 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 our audit provides a reasonable basis for our opinion.

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, 2010, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2011, on our consideration of the Town of Clifton Park Industrial Development 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental information presented on page 8 is for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Management has omitted the management's discussion and analysis and budgetary comparison information. Such information is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America.

Bollam Sheedy Torani & Co LLP

Albany, New York
March 23, 2011

**TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY**

STATEMENT OF NET ASSETS

	December 31, 2010
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 127,257
Due from other governments	<u>1,000</u>
Total assets	<u>\$ 128,257</u>
NET ASSETS	
NET ASSETS, unrestricted	<u>\$ 128,257</u>

**TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY**

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS**

	Year Ended December 31, 2010
OPERATING REVENUES	
Charges for services	<u>\$ -</u>
OPERATING EXPENSES	
Administrative fees	\$ 6,150
Dues and memberships	2,750
Insurance	1,750
Meetings	815
Office expense	242
Professional fees	<u>8,225</u>
	<u>19,932</u>
Operating loss	(19,932)
OTHER REVENUES	
Interest income	<u>493</u>
CHANGE IN NET ASSETS	(19,439)
NET ASSETS, beginning of year	<u>147,696</u>
NET ASSETS, end of year	<u><u>\$ 128,257</u></u>

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

**TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY**

STATEMENT OF CASH FLOWS

	Year Ended December 31, 2010
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	
Cash payments contractual expenses	<u>\$ (17,432)</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES	
Interest income	<u>493</u>
Net decrease in cash and cash equivalents	(16,939)
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	<u>144,196</u>
CASH AND CASH EQUIVALENTS, <i>end of year</i>	<u><u>\$ 127,257</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating loss	\$ (19,932)
Changes in operating assets and liabilities	
Prepaid expenses	<u>2,500</u>
	<u><u>\$ (17,432)</u></u>

**TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2010**

NOTE 1 - 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

The Agency's financial statements are prepared using the accrual basis in accordance with accounting principles generally accepted in the United States of America for public authorities. 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 assets.

Revenues are 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.

In preparing the financial statements, management is required 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.

c. Fair Value Measurement

Fair value is defined as an exchange price that would be received for an asset or paid to transfer a liability (an "exit" price) in the principal or most advantageous market for the asset or liability between market participants on the measurement date.

d. Revenue Recognition

Revenue is generated from project application and administration fees and interest income and is recognized when earned. There were no revenues reported for the year ended December 31, 2010.

e. Tax Status

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

**TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

f. 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, 2010, the original issue value of bonds issued aggregated \$49,530,000, and the outstanding balance was \$36,991,502.

g. Subsequent Events

In preparing the financial statements and notes thereto, the Agency has considered subsequent events through March 23, 2011, the date the financial statements were available to be issued.

NOTE 2 - CASH AND CASH EQUIVALENTS

The Agency's investment policies are governed by New York State statutes. In addition, the Agency has its own written investment policy. 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. 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.

Cash and cash equivalents at December 31, 2010, consisted of demand and time accounts of \$127,257 which were fully collateralized.

NOTE 3 - DUE FROM 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 2010, the Agency collected \$601,659 and submitted \$601,659 to other government agencies. The Agency will apply an overpayment of \$1,000, which occurred in a prior year, against 2011 PILOT payments. This amount has been reported as due from other governments.

NOTE 4 - ACCOUNTING STANDARD ISSUED BUT NOT YET IMPLEMENTED

In December 2010, GASB issued GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*. The objective of this statement is to incorporate 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.

**TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2010**

NOTE 4 - ACCOUNTING STANDARD ISSUED BUT NOT YET IMPLEMENTED - Continued

This statement also supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989, FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this statement.

GASB Statement No. 62 is effective for financial statements for periods beginning after December 15, 2011; however, early adoption is encouraged. The Agency has not yet adopted this statement.

**TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY**

SUPPLEMENTAL INFORMATION - STATEMENT OF INDEBTEDNESS

Project Description	Year Ended December 31, 2010							
	Original Issue Amount	Original Issue Date	Current Interest Rate	Outstanding January 1, 2010	Issued During 2010	Principal Payments 2010	Outstanding December 31, 2010	Final Maturity Date
Colburg Village	\$ 17,500,000	04/06	Varies	\$ 16,450,000	\$ -	\$ 390,000	\$ 16,060,000	05/2031
DCG Executive Woods	4,800,000	03/96	4.23%	3,514,125	-	180,000	3,334,125	07/2010
DCG Maxwell Road	16,000,000	08/02	1.23%	11,815,000	-	768,000	11,047,000	12/2011
Ushers Road	2,080,000	05/94	4.59%	763,762	-	155,250	608,512	09/2014
Plank Road Associate	3,500,000	09/03	5.25%	2,998,722	-	96,556	2,902,166	09/2013
CP Halfmoon Emergency	2,150,000	06/97	7.00%	125,539	-	125,539	-	12/2017
YMCA Kidz Lodge - Note A	2,325,000	03/07	4.50%	2,156,498	-	80,707	2,075,791	09/2027
YMCA Kidz Lodge - Note B	1,175,000	03/07	4.50%	1,100,000	-	136,092	963,908	04/2017
	<u>\$ 49,530,000</u>			<u>\$ 38,923,646</u>	<u>\$ -</u>	<u>\$ 1,932,144</u>	<u>\$ 36,991,502</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 the accompanying financial statements of the Town of Clifton Park Industrial Development Agency (Agency) as of and for the year ended December 31, 2010, and have issued our report thereon dated March 23, 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 the 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 the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 entity'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 over financial reporting that we consider to be material weaknesses, as defined above. However, we did identify a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses as Item 10-01, that we consider to be a significant deficiency in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of 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 or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as Items 10-02 and 10-03.

This report is intended solely for the information and use of the members and management of the Agency, the New York State Office of the State Comptroller, and the New York State Authority Budget Office and is not intended to be and should not be used by anyone other than those specified parties.

Bollam Sheedy Torani & Co LLP

Albany, New York
March 23, 2011

**TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY**

**SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2010**

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? _____ X Yes _____ None

Noncompliance material to financial statements? _____ Yes X No

Section II - Financial Statement Findings

10-01. Control over Disbursement Process

Criteria: The Agency's controls and procedures related to check writing and cash disbursements requires two signatures on all checks. This procedure is to provide additional oversight over cash outlays due to a lack of proper segregation of duties.

Condition: The Agency did not comply with the procedures established for their check writing and disbursement process.

Effect: An increased risk in material misstatement of the Agency's cash balances and financial statements.

Cause: Management did not obtain the second signature as required on all Agency disbursements.

View of Responsible Officials: Management believes that this was an isolated incident and will continue to follow existing procedures for check writing and disbursements.

Section III - Compliance Findings

10-02. Posting and Maintaining Reports on Public Authority Web Sites

Criteria: The New York State Authority Budget Office (ABO) issued Policy Guidance on April 12, 2010, in response to The Public Authorities Reform Act (PARA) of 2009. This guidance states that effective immediately, public authorities are required to make specific information available to the public through the Internet.

Condition: The Agency is not in compliance with PARA requirements.

Effect: Agency information is currently not available to the public through the Internet.

Cause: The Agency did not oversee proper maintenance of the shared website.

Recommendation: Using available ABO guidance, the Agency should update its website and schedule periodic maintenance and review to ensure required information is available to the public in a timely manner.

View of Responsible Officials: The Agency is working with the Town of Clifton Park to obtain the necessary rights to post Agency information directly to the Town's website.

**TOWN OF CLIFTON PARK
INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2010**

10-03. Budget Report Filed in the Public Authorities Reporting Information System (PARIS)

Criteria: In accordance with Section 2801 of Public Authorities Law, local authorities must file a budget report 60 days prior to the start of the fiscal year.

Condition: The Agency was not in compliance with Section 2801 of Public Authorities Law.

Effect: The Agency budget information was not available to the public when required.

Cause: The Agency did not update and certify the budget in PARIS.

Recommendation: The Agency should approve its budget and assign an individual to file the report prior to the ABO deadline.

View of Responsible Officials: The Agency CEO was authorized to access PARIS but was unavailable. The Agency contacted the ABO to change access, and the budget report was filed in January 2011.