

COLUMBIA COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY  
(a component unit of County of Columbia, New York)

FINANCIAL STATEMENTS  
(and Reports of Independent Auditors)

December 31, 2012 and 2011

COLUMBIA COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY  
FINANCIAL STATEMENTS

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## Independent Auditors' Report

To the Chairman and Board of Columbia County  
Industrial Development Agency:

We have audited the accompanying financial statements of Columbia County Industrial Development Agency (a component unit of the County of Columbia, New York) ("The Agency"), as of December 31, 2012 and 2011 and for the years then ended, and the related notes to the financial statements, which collectively comprise Columbia County Industrial Development Agency's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Columbia County Industrial Development Agency's 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 audit. 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. Those standards require that we plan and perform the audit 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

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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 opinion.

### ***Opinion***

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

### ***Other Matters***

In accordance with *Government Auditing Standards*, we have issued our report dated March 26, 2013 on our consideration of Columbia County Industrial Development Agency's internal control over financial reporting and 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 considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 15 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Columbia County Industrial Development Agency's basic financial statements. The Schedule of Conduit Debt Obligations, Schedule of Projects and Exemptions, and Schedule of PILOTS and Full Time Equivalent Jobs are presented on pages 16-18 for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Pattison, Kosken, Howe & Bucci, CPAs, P.C.*

Valatie, New York

March 26, 2013

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT DISCUSSION AND ANALYSIS

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**1. Introduction:**

Within this section of the Columbia County Industrial Development Agency's (the Agency) financial statements, the Agency's management provides narrative discussion and analysis of the financial activities of the Agency for the year ended December 31, 2012. This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements for the year ended December 31, 2012.

**2. Overview of the Financial Statements:**

The Agency's basic financial statements include: (1) financial statements, (2) notes to the financial statements, and (3) supplementary and other information.

**A. Financial Statements**

The Agency's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Agency is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and are depreciated over their useful lives. See notes to the financial statements for a summary of the Agency's significant accounting policies.

The *Statements of Net Position* present information on the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Agency's financial position.

The *Statements of Revenues, Expenses and Change in Net Position* present information showing how the Agency's net position changed during the most recent years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows in future periods.

The *Statements of Cash Flows* relate to the flows of cash and cash equivalents. Consequently, only transactions that affect the Agency's cash accounts are recorded in these statements. A reconciliation is provided at the bottom of the statements of cash flows to assist in the understanding of the difference between cash flows from operating activities and operating income.

**B. Notes to Financial Statements**

The accompanying notes to the financial statements provide information essential to a full understanding of the basic financial statements.

See independent auditors' report

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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**2. Overview of the Financial Statements (continued):**

**C. Supplementary and Other Information**

The Statement of Revenues and Expenditures - Budget and Actual provides a comparison of budget and actual information for the Agency's operating accounts. The schedules of Conduit Debt Obligations, Projects and Exemptions, and Payment in Lieu of Taxes (PILOTS) and Full Time Equivalent Jobs are required by the Office of the State Comptroller for Industrial Development Agencies. Supplementary and other information begins immediately following the notes to the financial statements.

**3. Financial Highlights:**

The revenue budget for 2012 was \$41,550 with a projected gain of \$50. There were no amendments to the budget during 2012.

Total revenues were significantly less than budget, primarily due to administrative fees not earned from any new PILOTS. Total expenditures were in line with the budget, off by 1.7%.

**4. Financial Statement Analysis:**

Below is a comparative summary of the Agency's Statement of Net Position as of December 31:

|                                    | <u>2012</u>       | <u>2011</u>       |
|------------------------------------|-------------------|-------------------|
| Assets                             | <u>\$ 136,618</u> | <u>\$ 153,684</u> |
| Liabilities                        | \$ 69,258         | \$ 56,140         |
| Net Position                       | <u>67,360</u>     | <u>97,544</u>     |
| Total Liabilities and Net Position | <u>\$ 136,618</u> | <u>\$ 153,684</u> |

The Agency's assets primarily consist of cash in banks, money market funds and two restricted escrow accounts. Funds received from various participants in the Agency's PILOT projects are deposited until they are subsequently disbursed to the appropriate taxing jurisdictions. In addition, assets also include a receivable for \$16,311 from a PILOT participant (Local Ocean) who had not yet paid the 2012 PILOT.

The Agency's liabilities at December 31, 2012, and 2011 consisted of trade payables and escrow deposits held for two of the PILOT agreements. For December 31, 2012, the Agency recorded a PILOT payable (Local Ocean).

See independent auditors' report

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

**4. Financial Statement Analysis (continued):**

|   | 2012      | 2011      |
|---|-----------|-----------|
| Revenues                                    |           |           |
| Interest                                    | \$ 43     | \$ 45     |
| Interest/late fees                          | 3,580     | 1,022     |
| Application fees                            | 500       | 1,000     |
| Administration fees-Projects                | -         | 24,000    |
| Administration fees-PILOTS                  | 6,500     | 8,500     |
| Total revenues                              | 10,623    | 34,567    |
| Expenditures                                | (40,807)  | (32,577)  |
| Total revenues in excess of<br>expenditures | (30,184)  | 1,990     |
| Net position at the beginning of the year   | 97,544    | 95,554    |
| Net position at the end of the year         | \$ 67,360 | \$ 97,544 |

Revenues are derived primarily from administrative fee income. In 2012, the Agency realized income of \$6,500 from administration fees attributable to the PILOTS. In addition, the Agency recorded interest/late fees attributable to the PILOT for Local Ocean. During 2011, the Agency realized income of \$32,500 from administration fees attributable mainly to the Flanders Corporation PILOT (\$24,000) and administering the PILOTS (\$8,500). Expenditures increased by 25% in 2012 compared to 2011 due to legal fees associated with the Widewater's project.

See independent auditors' report

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF NET POSITION

December 31, 2012 and 2011

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ASSETS

| Assets:                         | <u>2012</u>       | <u>2011</u>       |
|---------------------------------|-------------------|-------------------|
| Cash and cash equivalents:      |                   |                   |
| Unrestricted                    |                   |                   |
| Checking                        | \$ 48,790         | \$ 2,229          |
| Money market                    | 14,910            | 94,890            |
| Total cash and cash equivalents | <u>63,700</u>     | <u>97,119</u>     |
| Prepaid expenses                | 400               | 425               |
| PILOT receivable                | 16,311            | -                 |
| Total current assets            | <u>80,411</u>     | <u>97,544</u>     |
| Restricted escrow account       | <u>56,207</u>     | <u>56,140</u>     |
| Total assets                    | <u>\$ 136,618</u> | <u>\$ 153,684</u> |

LIABILITIES AND NET POSITION

|                                    |                   |                   |
|------------------------------------|-------------------|-------------------|
| Liabilities:                       |                   |                   |
| Accounts payable, trade            | \$ 320            | \$ -              |
| PILOT payable                      | 12,731            | -                 |
| Total current liabilities          | <u>13,051</u>     | <u>-</u>          |
| PILOT escrow deposits              | <u>56,207</u>     | <u>56,140</u>     |
| Total liabilities                  | <u>69,258</u>     | <u>56,140</u>     |
| Net position:                      |                   |                   |
| Unrestricted                       | <u>67,360</u>     | <u>97,544</u>     |
| Total liabilities and net position | <u>\$ 136,618</u> | <u>\$ 153,684</u> |

See accompanying notes and independent auditors' report.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET POSITION  
 For the years ended December 31, 2012 and 2011

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|                                | 2012      | 2011      |
|--------------------------------|-----------|-----------|
| Revenues:                      |           |           |
| Bank Interest                  | \$ 43     | \$ 45     |
| Interest/Late Fees             | 3,580     | 1,022     |
| Application fees               | 500       | 1,000     |
| Administration fees - Projects | -         | 24,000    |
| Administration fees - PILOTS   | 6,500     | 8,500     |
| Total revenues                 | 10,623    | 34,567    |
| Expenses:                      |           |           |
| Professional Fees              | 16,439    | 8,441     |
| Insurance                      | 2,364     | 2,364     |
| Office                         | 2,004     | 1,772     |
| Administration                 | 20,000    | 20,000    |
| Total expenses                 | 40,807    | 32,577    |
| Change in net position         | (30,184)  | 1,990     |
| Net position, beginning        | 97,544    | 95,554    |
| Net position, ending           | \$ 67,360 | \$ 97,544 |

See accompanying notes and independent auditors' report.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2012 and 2011

|  | 2012             | 2011             |
|--|------------------|------------------|
| Cash flows from operating activities:                |                  |                  |
| Bank interest received                               | \$ 43            | \$ 45            |
| Operating expenses paid                              | (36,882)         | (32,543)         |
| Receipt of escrow deposit interest                   | 67               | 268              |
| Investment of escrow deposit interest                | (67)             | (268)            |
| Receipt of PILOT receivable                          | -                | 8,129            |
| Receipts from administration and application fees    | 3,420            | 34,522           |
| PILOT receipts                                       | 241,074          | 397,778          |
| PILOT payments                                       | (241,074)        | (397,778)        |
| Net cash (used for) provided by operating activities | <u>(33,419)</u>  | <u>10,153</u>    |
| Net (decrease) increase in cash and cash equivalents | (33,419)         | 10,153           |
| Cash and cash equivalents at beginning of year       | 97,119           | 86,966           |
| Cash and cash equivalents at end of year             | <u>\$ 63,700</u> | <u>\$ 97,119</u> |

Reconciliation of change in net position to net cash

(used for) provided by operating activities:

|  |                    |                  |
|--|--------------------|------------------|
| Change in net position                               | \$ (30,184)        | \$ 1,990         |
| Change in assets and liabilities:                    |                    |                  |
| Increase in PILOT escrow deposits                    | 67                 | 35,268           |
| Increase in restricted escrow account                | (67)               | (35,268)         |
| Decrease in prepaids                                 | 25                 | 50               |
| Increase (decrease) in accounts payable              | 320                | (16)             |
| (Increase) decrease in PILOT receivable              | (16,311)           | 28,271           |
| Increase (decrease) in PILOT payable                 | 12,731             | (20,142)         |
| Net cash (used for) provided by operating activities | <u>\$ (33,419)</u> | <u>\$ 10,153</u> |

See accompanying notes and independent auditors' report.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**1. Nature of Organization:**

The Columbia County Industrial Development Agency was established in 1976 by the Columbia County Board of Supervisors under the Laws of New York State to promote economic growth in the County of Columbia, New York. The Agency is exempt from federal, state and local income taxes. The Agency is a component unit of County of Columbia, New York.

The Agency's present function is to promote, develop and encourage reconstructing, improving and maintaining manufacturing, warehousing, and commercial facilities to promote job opportunities and economic welfare for the people of New York State. This is done through administering PILOTs, land sales, and bond agreements.

**Payment in lieu of taxes (PILOT):**

The Agency enters into and administers PILOT agreements for various companies in the surrounding area. The PILOT agreements are entered into between the Agency and a third party business. Title to Property owned by the third party business is transferred to the Agency for a period of time. During the term of the agreement (when the Agency holds the title to the property), the third party business pays the Agency an annual PILOT amount based on a calculation derived by a formula in the agreement. The PILOTs allow the participants to make payments at a lower rate than if the company paid the property's assessed value at the current tax rates for county, town and school taxes. Certain requirements are to be met by the company to be able to maintain their PILOT. These requirements, stated in the PILOT agreement, can be comprised of reaching and maintaining certain employment goals and paying their PILOT in a timely fashion. This promotes employment and economic development. The Agency will in turn pay the respective tax authorities. At the completion of the PILOT program, title to the property is transferred back to the third party business owner and the property goes back on the respective tax rolls.

The Agency generates fees from PILOT agreements called "Administration and Application Fees." The Agency receives an annual administrative fee from each PILOT per the agreement. The Agency also administers bonds for several projects and receives an administrative fee upon issuance of the bond.

In addition, the Agency generates revenue from a land sale transaction with a related party, Columbia Economic Development Corporation (CEDC). The Agency receives a stipend called "Fees from Land Sales" upon the first payment from the participating purchaser of the property.

**2. Summary of Significant Accounting Principles:**

Basis of Accounting:

The financial statements of the Agency have been prepared on the accrual basis of accounting and reflect all significant receivables, payables, and other liabilities. Revenues are recorded when earned and expenses are recorded when incurred. In accordance with accounting principles generally accepted in the United States of America, the Agency applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which was issued by the GASB on December 30, 2010 was adopted by the Agency in 2012. The government-wide financial statements include the Agency's only governmental fund (single enterprise fund).

See independent auditors' report

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**2. Summary of Significant Accounting Principles (Continued):**

Basis of Accounting (Continued):

The GASB issued Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", which became effective this year for the Agency. Statement 63 changed how governments organize their statements of financial position (such as the current government-wide statement of net assets and the governmental funds balance sheet).

As a result of Statement 63, financial statements will include deferred outflows of resources and deferred inflows of resources ("deferrals"), in addition to assets and liabilities, and will report *net position* instead of net assets.

Budgetary Data:

The budget policies are as follows:

In October of each year the Executive Director submits a tentative budget to the Board of Directors for the next fiscal year which begins the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing.

Use of Estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of 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.

Revenue Recognition:

Income generated from land sales are recognized in the period the services are performed and the related land sale takes place generally when the first payment is made by the land owner to the CEDC. The Agency also recognizes revenue annually in the period services are performed once the PILOT payment is annually made to the Agency. Revenue is recognized for administrative services performed related to bond issuances in the period the services are performed generally when the related bond issuances are finalized.

PILOT receipts and PILOT payments related to the property not owned by the Agency to the respective taxing authorities are accounted for as pass through transactions and are not included in revenues or expenses of the Agency. The Agency has the responsibility for collections and remitting the funds but the jurisdictions ultimately bears the risk of loss if PILOT payments are not paid to the Agency by the respective companies.

Fund Balances:

Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54) became effective during the year ended December 31, 2011. The Corporation is considered an enterprise fund and therefore, presents net position instead of fund balances.

Subsequent Events:

Subsequent events have been evaluated through March 26, 2013, which is the date the financial statements were available to be issued.

See independent auditors' report

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**3. Credit Risk:**

For purposes of reporting cash flows, the Agency considers cash in operating bank accounts, demand deposits, cash on hand, and highly liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents. As of December 31, 2012 and 2011, cash, which consists of one checking and two money market accounts, was covered by federal depository insurance up to \$250,000. Cash equivalent balances during the year rarely exceed FDIC-insured levels and when they do, it is only for a short period of time. Therefore, management believes investment risk of loss is low regarding cash and cash equivalents.

|               | 2012            |                 | 2011            |                 |
|---------------|-----------------|-----------------|-----------------|-----------------|
|               | Bank<br>Balance | Book<br>Balance | Bank<br>Balance | Book<br>Balance |
| First Niagara | \$ 2,175        | \$ 2,175        | \$ 2,174        | \$ 2,174        |
| Key Bank      | 50,156          | 61,525          | 95,171          | 94,945          |
|               | \$ 52,331       | \$ 63,700       | \$ 97,345       | \$ 97,119       |

**4. Conduit Debt Obligations:**

From time to time, the Columbia County Industrial Development Agency issues Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the interest of the public. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County of Columbia Industrial Development Agency, nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2012 and 2011 there were four (4) series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$14,700,997 and \$15,697,070, respectively.

**5. Restricted Escrow Account:**

Restricted escrow accounts relate to the PILOT program. From time to time the Agency requires companies to provide a deposit upon commencing the PILOT in case the PILOT is not paid in any one year. The amount is determined on a participant basis depending on the annual PILOT and is invested in the form of a certificate of deposit or a money market account. The Agency does not access the account and it will remain in escrow until the PILOT is over, or if the PILOT cannot be paid by the recipient. One participant has a deposit of \$20,000 plus interest held in escrow. The deposit is in the form of a 270 day certificate of deposit and was renewed in 2011 and 2012. During 2011, a new participant made a deposit of \$35,000 plus interest held in escrow. For 2011 and 2012, this deposit is held in a money market account.

See independent auditors' report

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**6. Related Party Transactions:**

The Agency participates in Commerce Center Land Sales with the Columbia Economic Development Corporation (CEDC). The Agency plays an administrative role in the transfer of the land and per agreements with the CEDC receives a stipend, called Land Sale Income. The Agency recorded no income related to this arrangement in 2012 or 2011.

The Agency pays an administrative fee to the CEDC quarterly to pay for expenses that CEDC staff incurs for the Agency. There are no outstanding fees to be paid at December 31, 2012 or 2011. The Agency paid \$20,000 each year to the CEDC during 2012 and 2011.

The Executive Director of the Agency is an employee of Columbia County.

**PILOT Receivable/Payable:**

During 2012 the Agency did not receive a PILOT payment from one participant in the amount of \$12,731. In February 2013, the PILOT payment was subsequently collected and remitted to the appropriate taxing authorities.

**7. State of New York Administrative Service Fee:**

In February 2010, the State of New York assessed the Agency with an administrative service fee of \$1,100 for the 2010-2011 periods payable March 31, 2011. The Agency along with other Industrial Development Agencies throughout New York State who were charged a similar fee disputed this fee assessment. This fee was unexpected and had not been charged in the past. As of December 31, 2010, as a result of the dispute, the amount of any liability to New York State could not be determined. During 2011, a resolution determined that the Agency would not have to pay this fee and there is no indication of New York State charging this fee to the Agency in the future.

**8. Recent Accounting Standards:**

GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", clarifies the appropriate reporting of deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. GASB Concepts Statement No. 4, "Elements of Financial Statements", specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in Concepts Statement 4. Based on those definitions, Statement 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. Statement 65 is effective for the Agency's 2013 financial statements.

See independent auditors' report



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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*

To the Chairman and the Board  
of Columbia County Industrial Development Agency

We have audited the basic financial statements of Columbia County Industrial Development Agency as of and for the year ended December 31, 2012, and have issued our report thereon dated March 26, 2013. 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***

Management of Columbia County Industrial Development Agency is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Columbia County Industrial Development 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 Columbia County Industrial Development Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Columbia County Industrial Development 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.

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Fax: 518-758-6779

340 Main Street  
Saugerties, NY 12477  
Tel: 845-246-3803  
Fax: 845-246-1035

Our consideration of the 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.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Columbia County Industrial Development 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Agency in a separate letter dated March 26, 2013.

***Restriction on Use***

This report is intended solely for the information and use of management, others within the Agency, awarding agencies, the Board of Directors, and the Columbia County Board of Supervisors and is not intended to be and should not be used by anyone other than these specified parties.

*Pattison, Koskey, Howe & Succi, CPAs, P.C.*

Valatie, New York  
March 26, 2013

SUPPLEMENTARY INFORMATION

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
 STATEMENT OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL  
 Year ended December 31, 2012

|  | <u>Budget</u> | <u>Actual</u>      | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--|---------------|--------------------|---|
| <b>Revenues:</b>   |               |                    |   |
| Interest and late fees   | \$ 50         | \$ 3,623           | \$ 3,573  |
| Fees from sale of land   | 1,000         | -                  | (1,000)   |
| Application and administration fees  | <u>40,500</u> | <u>7,000</u>       | <u>(33,500)</u>                                 |
| Total revenue  | <u>41,550</u> | <u>10,623</u>      | <u>(30,927)</u>                                 |
| <b>Expenditures:</b>   |               |                    |   |
| Professional fees  | 15,000        | 16,439             | (1,439)   |
| Insurance  | 5,000         | 2,364              | 2,636   |
| Office expense   | 1,500         | 2,004              | (504)   |
| Administration expense   | <u>20,000</u> | <u>20,000</u>      | <u>-</u>  |
| Total expenditures   | <u>41,500</u> | <u>40,807</u>      | <u>693</u>                                      |
| Total expenditures in excess of revenues<br>and revenues in excess of expenditures | <u>\$ 50</u>  | <u>\$ (30,184)</u> | <u>\$ (30,234)</u>                              |

See accompanying notes and independent auditors' report.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
 SCHEDULE OF CONDUIT DEBT OBLIGATIONS  
 Year ended December 31, 2012  
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| Bonds Listing              | Outstanding<br>Beginning of<br>the Year | Issued During<br>Fiscal Year | Paid During<br>Fiscal Year | Outstanding End<br>of Fiscal Year | Final<br>Maturity<br>Date | # of FTE<br>Employees<br>at Project<br>Location<br>Before<br>IDA Status | # of FTE  |  |       |
|----------------------------|---|------------------------------|----------------------------|-----------------------------------|---------------------------|---|---|--|-------|
|                            |   |                              |                            |                                   |                           |   | Original<br>Estimate<br>of Jobs<br>to be<br>Created | Original<br>Estimate<br>of Jobs<br>to be<br>Retained |       |
| Berkshire Farm Center      | \$ 710,000                              | \$ -                         | \$ 220,000                 | \$ 490,000                        | 2014                      | 438   | -   | 438  | 234   |
| Columbia Memorial Hospital | 10,065,000                              | -                            | 450,000                    | 9,615,000                         | 2033                      | 1,109   | -   | -  | 1,229 |
| Columbia Memorial Hospital | 2,505,000                               | -                            | 240,000                    | 2,265,000                         | 2027                      | 1,109   | -   | -  | 1,229 |
| BAC Sales                  | 2,417,070                               | -                            | 86,073                     | 2,330,997                         | 2021                      | 2   | 18  | 18   | 38    |
|                            | <u>\$ 15,697,070</u>                    | <u>\$ -</u>                  | <u>\$ 996,073</u>          | <u>\$ 14,700,997</u>              |                           |   |   |  |       |

See accompanying notes and independent auditors' report.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
 SCHEDULE OF PROJECTS AND EXEMPTIONS  
 Year ended December 31, 2012

| Project Code | Project Owner  | Real Property Tax Exemptions |                  | Real Property Tax Exemptions |             | Sales Tax   | Mortgage Recording | Total Exemptions  |
|--------------|--|------------------------------|------------------|------------------------------|-------------|-------------|--------------------|-------------------|
|              |  | County                       | Local            | School                       | Exemptions  |             |                    |                   |
| 10010801A    | 2990 Realty Corporation<br>2990 Route 9<br>Hudson, NY 12534                                  | \$ 2,787                     | \$ 709           | \$ 5,912                     | \$ -        | \$ -        | \$ -               | \$ 9,408          |
| 10010107A    | American Bio Medical<br>122 Smith Rd<br>Kinderhook, NY 12106                                 | 3,365                        | 1,160            | 8,944                        | -           | -           | -                  | 13,469            |
| 10010108A    | Whittier Rehabilitation and Skilled<br>Nursing Center<br>One Whittier Way<br>Ghent, NY 12075 | 8,371                        | 1,603            | -                            | -           | -           | -                  | 9,974             |
| 10010700A    | Hudson Park<br>State Route 9 and 23<br>Livingston, NY 12541                                  | 36,330                       | 20,027           | 105,182                      | -           | -           | -                  | 161,539           |
| 10019803A    | G's Best Realty<br>Box 17 Route 66<br>Hudson, NY 12534                                       | -                            | -                | -                            | -           | -           | -                  | -                 |
| 10010900A    | Valatie Land Development<br>Route 9<br>Valatie, NY 12184                                     | 1,913                        | 1,336            | 5,808                        | -           | -           | -                  | 9,057             |
| 10011002A    | Empire Property Group LTD<br>502 Union Street<br>Hudson, NY 12534                            | 2,275                        | 497              | 6,230                        | -           | -           | -                  | 9,002             |
| 10011001A    | BAC Sales<br>1871 Route 9<br>Hudson, NY 12534  | -                            | -                | 4,298                        | -           | -           | -                  | 4,298             |
|              |  | <u>\$ 55,041</u>             | <u>\$ 25,332</u> | <u>\$ 136,374</u>            | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u>        | <u>\$ 216,747</u> |

See accompanying notes and independent auditors' report.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
 SCHEDULE OF PILOTS AND FULL TIME EQUIVALENT JOBS  
 Year ended December 31, 2012

| Project Code | County    |  | Local     |  | School     |  | Total      |  | # of FTE Employees at Project Location |  | Original Estimate of Jobs to be Created |  | Original Estimate of Jobs to be Retained |  | # of FTE Construction Jobs Created During Fiscal Year |  |     |
|--------------|-----------|--|-----------|--|------------|--|------------|--|--|--|---|--|--|--|---|--|-----|
|              | PILOT     |  | PILOT     |  | PILOT      |  | PILOTS     |  | Before IDA Status                      |  | Jobs to be Created                      |  | Jobs to be Retained                      |  | FTE Employees   |  |     |
| 10010801A    | \$ 4,830  |  | \$ 1,228  |  | \$ 12,731  |  | \$ 18,789  |  | -                                      |  | 18                                      |  | -  |  | 4   |  | N/A |
| 10010107A    | 4,958     |  | 1,710     |  | 15,039     |  | 21,707     |  | -                                      |  | 10                                      |  | -  |  | 47  |  | N/A |
| 10019803A    | 20,809    |  | 3,965     |  | 58,083     |  | 82,856     |  | 135                                    |  | 38                                      |  | 135                                      |  | 232   |  | N/A |
| 10010108A    | 26,798    |  | 5,130     |  | -          |  | 31,928     |  | -                                      |  | -                                       |  | -  |  | 125   |  | N/A |
| 10010700A    | 5,990     |  | 1,997     |  | 11,979     |  | 19,965     |  | -                                      |  | -                                       |  | -  |  | 2   |  | N/A |
| 10010900A    | 3,754     |  | 2,620     |  | 11,396     |  | 17,770     |  | 32                                     |  | 36                                      |  | 36                                       |  | 28  |  | N/A |
| 10011002A    | 6,534     |  | 1,427     |  | 17,897     |  | 25,859     |  | -                                      |  | -                                       |  | -  |  | -   |  | N/A |
| 10011001A    | 6,660     |  | 2,220     |  | 13,320     |  | 22,200     |  | 2                                      |  | 16                                      |  | 18                                       |  | 38  |  | N/A |
| Total        | \$ 80,332 |  | \$ 20,297 |  | \$ 140,444 |  | \$ 241,073 |  |  |  |   |  |  |  |   |  |     |

See accompanying notes and independent auditors' report.