VILLAGE OF GREEN ISLAND
INDUSTRIAL DEVELOPMENT AGENCY

FINANCIAL STATEMENTS
and
INDEPENDENT AUDITOR'S REPORT

December 31, 2012 and 2011

VILLAGE OF GREEN ISLAND
INDUSTRIAL DEVELOPMENT AGENCY

FINANCIAL STATEMENTS
and
INDEPENDENT AUDITOR'S REPORT

December 31, 2012 and 2011

C O N T E N T S

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Net Position	3
Statements of Revenues, Expenses, and Changes in Net Position	4
Statements of Cash Flows	5
Notes to Financial Statements	6-9
SUPPLEMENTARY INFORMATION	
Schedule of Indebtedness	10
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*	11-12

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

INDEPENDENT AUDITOR'S REPORT

Chair and Members of the Board
Village of Green Island Industrial Development Agency
Green Island, New York

Report on the Financial Statements

We have audited the accompanying statements of net position of the Village of Green Island 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 Village of Green Island 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 20, 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 20, 2013

VILLAGE OF GREEN ISLAND INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF NET POSITION

	December 31, 2012	December 31, 2011
ASSETS		
CURRENT ASSETS		
Cash	$ 424,110	$ 504,872
Due from other governments, net	53,408	58,741
Prepaid expense	750	-
	478,268	563,613
CAPITAL ASSETS		
Land held for redevelopment	812,210	812,210
	$ 1,290,478	**$ 1,375,823**
NET POSITION		
NET POSITION		
Investment in capital assets	$ 812,210	$ 812,210
Unrestricted	478,268	563,613
	$ 1,290,478	**$ 1,375,823**

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

VILLAGE OF GREEN ISLAND INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION

	Years Ended December 31,	
	2012	**2011**
OPERATING REVENUE	$ 27,075	$ 10,000
OPERATING EXPENSES		
Salary and benefits	87,871	109,550
Insurance	841	487
Professional fees	13,146	13,400
Utilities	9,338	10,739
Other	1,446	2,353
	112,642	136,529
Operating loss	**(85,567)**	**(126,529)**
OTHER INCOME		
Interest income	222	1,085
Change in net position	**(85,345)**	**(125,444)**
NET POSITION, *beginning of year*	1,375,823	1,501,267
NET POSITION, *end of year*	**$ 1,290,478**	**$ 1,375,823**

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

VILLAGE OF GREEN ISLAND INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2012	Year Ended December 31, 2011
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Receipts from customers	$ 37,075	$ -
Payments to vendors	(23,106)	(26,448)
Payments for personal services and benefits	(99,953)	(115,636)
	(85,984)	**(142,084)**
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Interest income	**222**	**1,085**
CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES		
Payments from other governments	**5,000**	**5,000**
Net decrease in cash	**(80,762)**	**(135,999)**
CASH, *beginning of year*	504,872	640,871
CASH, *end of year*	**$ 424,110**	**$ 504,872**
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss	$ (85,567)	$ (126,529)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities		
Change in due from other governments, net, for operating expenses	(9,667)	(5,555)
Change in due from other governments, net, for operating revenues	10,000	(10,000)
Change in prepaid expense	(750)	-
	$ (85,984)	**$ (142,084)**

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

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization and Purpose

The Village of Green Island Industrial Development Agency (Agency) was created during 1979 by the Board of Trustees of the Village of Green Island (Village) under the provisions of Article 18-A of the General Municipal Law of the State of New York and Chapter 63 of the Laws of 1979 of the State of New York for the purpose of encouraging economic growth in the Village. The Agency, although established by the Board of Trustees of the Village, is a separate entity and operates independently of the Village.

The Agency's function is to authorize the issuance of industrial revenue bonds for industrial development projects and to assist businesses 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 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 statement of net position. Net position is segregated into specific components, as follows:

- *Investment in capital assets* consists of capital assets, and
- *Unrestricted net position* consists of assets and liabilities that do not meet the definition of "investment in capital assets."

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. 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.

e. Tax Status

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

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 administrative fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and leases.

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

f. Industrial Revenue Bond and Straight Lease Transactions - Continued

Industrial revenue bonds issued by the Agency and outstanding at December 31, 2012 and 2011, were $14,172,233 and $14,291,932, respectively.

g. Cash Deposits and Investments

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 at Federal Deposit Insurance Corporation insured commercial banks or trust companies located within the State. The Agency is authorized to use demand accounts, money market 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 not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State, its municipalities, and school districts. The Agency's deposits were fully insured or collateralized at December 31, 2012 and 2011.

h. Capital Assets

Capital assets are recorded at cost, where historical records are available and at estimated historical cost where no historical costs exist. Contributed property and equipment are recorded at fair market value or the contributor's net book value if fair market value is not readily ascertainable. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. The Agency uses a capitalization threshold of $2,000 to analyze expenditures for capitalization. When capital assets are retired or otherwise disposed of, the appropriate accounts are relieved of costs, and any resultant gain or loss is credited or charged to operations. Capital assets as of December 31, 2012 and 2011, consists of land, which is a nondepreciable capital asset, held for redevelopment.

The Agency evaluated prominent events or changes in circumstances affecting capital assets to determine if impairment of any capital assets has occurred. A capital asset is considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. There were no impaired capital assets at December 31, 2012 and 2011.

i. Revenue Recognition

Revenue is generated from project application and administrative fees. Revenues are recognized when earned, and expenses are recognized when incurred. The Agency distinguishes operating revenues and expenses from nonoperating 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 nonoperating revenues and expenses.

j. 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.

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

k. Subsequent Events

The Agency has evaluated subsequent events that provide additional evidence about conditions that existed at the financial statement date through March 20, 2013, the date the financial statements were available to be issued.

l. Reclassification

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

NOTE 2 - CAPITAL ASSETS

At December 31, 2012, the Agency's capital assets consist of approximately 55 acres of land, which are available for sale and development.

The Agency is actively seeking buyers for the land consistent with the Agency's purpose of encouraging economic growth in the Village.

NOTE 3 - RELATED PARTY TRANSACTIONS

In accordance with an informal agreement between the Agency and the Village, the Agency reimburses the Village for employee salaries, benefits, sick and vacation time, and grant writing services. During the years ended December 31, 2012 and 2011, the Agency was billed $93,871 and $115,550, respectively, for these employee related costs and services. As of December 31, 2012 and 2011, the Agency was indebted to the Village for $21,592 and $31,422, respectively, for accrued salaries, benefits, sick and vacation time, and grant writing services.

As of December 31, 2012, the Agency was due $75,000 from the Village related to a cash advance for working capital purposes. As of December 31, 2011, the Agency was due $80,163 from the Village related to various cash advances for working capital purposes and $10,000 from the Green Island Power Authority for 2011 economic development consulting services. Balances with the Village have been reported net in these financial statements.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

Environmental Risks

Certain facilities are subject to federal, state, and local regulations relating to the discharge of materials into the environment. Compliance with these provisions has not had, nor does the Agency expect such compliance to have, any material effect upon the capital expenditures or financial condition of the Agency. Management believes that its current practices and procedures for control and disposition of regulated wastes comply with applicable federal, state, and local requirements.

NOTE 5 - ACCOUNTING STANDARD 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.

NOTE 5 - ACCOUNTING STANDARD ISSUED BUT NOT YET EFFECTIVE - Continued

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.

VILLAGE OF GREEN ISLAND INDUSTRIAL DEVELOPMENT AGENCY

SUPPLEMENTARY INFORMATION - SCHEDULE OF INDEBTEDNESS

	Year Ended December 31, 2012						
Project Description	**Original Issue Date**	**Current Interest Rate**	**Outstanding January 1, 2012**	**Issued During 2012**	**Principal Payments 2012**	**Outstanding December 31, 2012**	**Final Maturity Date**
Rivers Edge Apartment Project	11/01	7.2%	**$ 14,291,932**	**$ -**	**$ 119,699**	**$ 14,172,233**	11/1/2043

See Independent Auditor's Report.

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*

Chair and Members
Village of Green Island Industrial Development Agency
Green Island, 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 Village of Green Island 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 20, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 20, 2013