

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

FINANCIAL STATEMENTS  
(and Reports of Independent Auditors)

December 31, 2011 and 2010

COLUMBIA COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY  
FINANCIAL STATEMENTS

TABLE OF CONTENTS  
-----

	<u>Pages(s)</u>
Independent Auditors' Report	1-2
Management Discussion and Analysis	3-5
Statements of Net Assets	6
Statements of Revenues, Expenses and Changes in Net Assets	7
Statements of Cash Flows	8
Notes to Financial Statements	9-12
Report on Internal Control over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	13-14
Supplementary Information:	
Statement of Revenue and Expenditures - Budget and Actual	15
Schedule of Conduit Debt Obligations	16
Schedule of Projects and Exemptions	17-18
Schedule of PILOTS and Full Time Equivalent Jobs	19

# PATTISON, KOSKEY, HOWE & BUCCI, CPAS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS  
2880 ROUTE 9, SUITE 2  
VALATIE, NEW YORK 12184  
(518)-758-6776  
FAX (518)-758-6779  
www.pkhbcpa.com

---

REGINALD H. PATTISON, CPA (1910-2002)  
RICHARD P. KOSKEY, CPA  
JON RATH, CPA (RETIRED)  
NED HOWE, CPA  
A. MICHAEL BUCCI, CPA  
CAROL OLSTA, CPA (RETIRED)  
SUZANNE E. MULDOON, CPA  
NANCY K. PATZWahl, CPA  
BRADLEY W. CUMMINGS, CPA, CVA  
SUSAN L. TRUE, CPA  
MATTHEW H. VANDERBECK, CPA

---

JEAN HOWE LOSSI, EA  
N. THERESE WOLFE, EA  
MELISSA W. WISHON  
ELIZABETH A. CULLEN  
LISA M. GILL

MEMBERS:

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of net assets of the Columbia County Industrial Development Agency (a component unit of the County of Columbia, New York) ("The Agency"), as of December 31, 2011 and 2010, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years 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 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 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2011 and 2010, and the changes in financial position, and cash flows, for the years 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, 2012, on our consideration of the Columbia County 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 considered in assessing the results of our 2011 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 sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 16 to 19 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information on pages 16 to 19 have 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 them.

*Patton, Koskey, Howe & Bucci, CPAs, P.C.*

Valatie, New York  
March 23, 2012

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT DISCUSSION AND ANALYSIS

-----

**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, 2011. This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements for the year ended December 31, 2011.

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

The *Statements of Revenues, Expenses and Changes in Net Assets* present information showing how the Agency's net assets changed during the most recent years. All changes in net assets 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)

-----

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

**C. Supplementary 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 information begins immediately following the notes to the financial statements.

**3. Financial Highlights:**

The revenue budget for 2011 was \$7,575 with a projected loss of \$27,425. There were no amendments to the budget during 2011.

Total revenues were significantly more than budget, primarily due to the administrative fee earned from Flanders Corporation related to a PILOT that ultimately was rescinded. The Agency was allowed to keep the fee. Total expenditures were under budget by 7%, primarily due to insurance prices remaining consistent with prior year and less than budget.

**4. Financial Statement Analysis:**

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

	2011	2010
Assets	\$ 153,684	\$ 136,584
Liabilities	\$ 56,140	\$ 41,030
Net Assets	97,544	95,554
Total liabilities and net assets	\$ 153,684	\$ 136,584

The Agency's assets primarily consist of cash in banks, money market funds and two restricted escrow accounts. In addition, in 2010, assets also included a receivable for \$28,271 from a PILOT participant (Apple Partners) who had not yet paid for 2008 or 2009 PILOTS. This receivable was paid during 2011. Funds received from various participants in the Agency's PILOT projects are deposited until they are subsequently disbursed to the appropriate taxing jurisdictions.

The Agency's liabilities in 2010 consist of trade payables, a PILOT payable (Apple Partners), and an escrow deposit held for one of the PILOT agreements. The Apple Partners payable was settled in 2011. During 2011, the organization received an additional escrow for a PILOT agreement. As of December 31, 2011, the Agency's liabilities consist of an escrow deposit held for two of the PILOT agreements.

See independent auditors' report

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

-----

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

	2011	2010
Revenues		
Interest	\$ 45	\$ 35
Interest/late fees	1,022	7,129
Application fees	1,000	1,000
Administration fees-Projects	24,000	43,874
Administration fees-PILOTS	8,500	6,000
Total revenues	34,567	58,038
Expenditures	(32,577)	(42,259)
Total revenues in excess of expenditures	1,990	15,779
Net assets at the beginning of the year	95,554	79,775
Net assets at the end of the year	\$ 97,544	\$ 95,554

Revenues are derived primarily from administrative fee income, interest, and fees from the sale of land. In 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). During 2010, the Agency realized administrative income of \$43,874 relating to the Local Ocean and BAC Sales PILOTS. Expenditures decreased by 23% in 2011 compared to 2010 due to legal fees associated with the Widewaters PILOT which increased expenditures in 2010.

See independent auditors' report

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
 STATEMENTS OF NET ASSETS  
 December 31, 2011 and 2010

-----  
 ASSETS

	2011	2010
Assets:		
Cash and cash equivalents:		
Unrestricted		
Checking	\$ 2,229	\$ 8,121
Money market	94,890	78,845
Total cash and cash equivalents	97,119	86,966
Prepaid expenses	425	475
PILOT receivable	-	28,271
Total current assets	97,544	115,712
Restricted escrow account	56,140	20,872
Total assets	\$ 153,684	\$ 136,584

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable, trade	\$ -	\$ 16
PILOT payable	-	20,142
Total current liabilities	-	20,158
PILOT escrow deposits	56,140	20,872
Total liabilities	56,140	41,030
Net assets:		
Unrestricted	97,544	95,554
Total liabilities and net assets	\$ 153,684	\$ 136,584

See accompanying notes and independent auditors' report.



COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
 For the years ended December 31, 2011 and 2010

	----- 2011	2010
Revenues:		
Bank Interest	\$ 45	\$ 35
Interest/Late Fees	1,022	7,129
Application fees	1,000	1,000
Administration fees - Projects	24,000	43,874
Administration fees - PILOTS	8,500	6,000
Total revenues	34,567	58,038
Expenses:		
Professional Fees	8,441	19,648
Insurance	2,364	2,364
Office	1,772	2,747
Administration	20,000	17,500
Total expenses	32,577	42,259
Net increase in net assets	1,990	15,779
Net assets, beginning	95,554	79,775
Net assets, ending	\$ 97,544	\$ 95,554

See accompanying notes and independent auditors' report.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2011 and 2010

	2011	2010
Cash flows from operating activities:		
Bank interest received	\$ 45	\$ 35
Operating expenses paid	(32,543)	(44,315)
Receipt of escrow deposit interest	268	160
Investment of escrow deposit interest	(268)	(160)
Receipt of PILOT receivable	8,129	-
Receipts from administration and application fees	34,522	49,874
PILOT receipts	397,778	349,912
PILOT payments	(397,778)	(349,912)
Net cash provided by operating activities	10,153	5,594
Net increase in cash and cash equivalents	10,153	5,594
Cash and cash equivalents at beginning of year	86,966	81,372
Cash and cash equivalents at end of year	\$ 97,119	\$ 86,966
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 1,990	\$ 15,779
Change in assets and liabilities:		
Increase in PILOT escrow deposits	35,268	-
Increase in restricted escrow account	(35,268)	-
Decrease (increase) in prepaids	50	(475)
Decrease in accounts payable	(16)	(1,581)
Decrease (increase) in PILOT receivable	28,271	(6,999)
Decrease in PILOT payable	(20,142)	(1,130)
Net cash provided by operating activities	\$ 10,153	\$ 5,594

See accompanying notes and independent auditors' report.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO FINANCIAL STATEMENTS

-----

**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 as well as Financial Accounting Standards Board (FASB) pronouncements to the extent these pronouncements do not conflict with GASB pronouncements. The Agency applies FASB pronouncements, issued, on or after November 30, 1989. 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)

-----

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

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 assets instead of fund balances.

Subsequent Events:

Subsequent events have been evaluated through March 23, 2012, 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)

**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, 2011 and 2010, 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.

	2011		2010	
	Bank Balance	Book Balance	Bank Balance	Book Balance
First Niagara	\$ 2,174	\$ 2,174	\$ 2,172	\$ 2,172
Key Bank	95,171	94,945	85,157	84,794
	\$ 97,345	\$ 97,119	\$ 87,329	\$ 86,966

**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, 2011 and 2010 there were four (4) series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$15,697,070 and \$16,665,000, 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 2010 and 2011. During 2011, a new participant has a deposit of \$35,000 plus interest held in escrow. The 2011 deposit is held in a money market account.

See independent auditors' report

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

-----

**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 2011 or 2010.

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, 2011 or 2010. The Agency paid \$20,000 and \$17,500 to the CEDC during 2011 and 2010, respectively.

The Agency administered the Columbia Development Leasing Corporation's (CDLC) PILOT in the amount of \$12,000 for the year ended December 31, 2010. The CDLC's PILOT was terminated in January 2011 when the underlying property was contributed to Columbia County under a 1995 bond agreement. As a result of this transfer to Columbia County, the agency did not administer a PILOT for the CDLC for the year ended December 31, 2011.

**7. PILOT Receivable/Payable:**

During 2008 and continuing to 2009 the Agency did not receive a PILOT payment from one participant in the cumulative amount of \$20,142. In January 2011, the PILOT payment was subsequently collected and remitted to the appropriate taxing authorities.

**8. 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 period 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.

# PATTISON, KOSKEY, HOWE & BUCCI, CPAS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS  
2880 ROUTE 9, SUITE 2  
VALATIE, NEW YORK 12184  
(518)-758-6776  
FAX (518)-758-6779  
www.pkhbcpa.com

---

REGINALD H. PATTISON, CPA (1910-2002)  
RICHARD P. KOSKEY, CPA  
JON RATH, CPA (RETIRED)  
NED HOWE, CPA  
A. MICHAEL BUCCI, CPA  
CAROL OLSTA, CPA (RETIRED)  
SUZANNE E. MULDOON, CPA  
NANCY K. PATZW AHL, CPA  
BRADLEY W. CUMMINGS, CPA, CVA  
SUSAN L. TRUE, CPA  
MATTHEW H. VANDERBECK, CPA

---

JEAN HOWE LOSSI, EA  
N. THERESE WOLFE, EA  
MELISSA W. WISHON  
ELIZABETH A. CULLEN  
LISA M. GILL

MEMBERS:

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
NEW YORK STATE SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

## 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 financial statements of Columbia County Industrial Development Agency as of and for the year ended December 31, 2011 and have issued our report thereon dated March 23, 2012. 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 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 the Columbia County Industrial Development Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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.

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.

#### 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 Columbia County Industrial Development Agency, in a separate letter dated March 23, 2012.

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 & Bucci, CPAs, P.C.*

Valatie, New York  
March 23, 2012



**SUPPLEMENTARY INFORMATION**

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
 STATEMENT OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL  
 Year ended December 31, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Interest and late fees	\$ 75	\$ 1,067	\$ 992
Fees from sale of land	1,000	-	(1,000)
Application and administration fees	<u>6,500</u>	<u>33,500</u>	<u>27,000</u>
Total revenue	<u>7,575</u>	<u>34,567</u>	<u>26,992</u>
<b>Expenditures:</b>			
Professional fees	8,500	8,441	59
Insurance	5,000	2,364	2,636
Office expense	1,500	1,772	(272)
Administration expense	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total expenditures	<u>35,000</u>	<u>32,577</u>	<u>2,423</u>
 Total expenditures in excess of revenues and revenues in excess of expenditures	 <u>\$ (27,425)</u>	 <u>\$ 1,990</u>	 <u>\$ 24,569</u>

See accompanying notes and independent auditors' report.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
 SCHEDULE OF CONDUIT DEBT OBLIGATIONS  
 Year ended December 31, 2011  
 -----

<u>Bonds Listing</u>	Outstanding Beginning of the Year	Issued During Fiscal Year	Paid During Fiscal Year	Outstanding End of Fiscal Year	Final Maturity Date	# of FTE Employees at Project Location Before IDA Status	# of FTE		
							Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained	
Berkshire Farm Center	\$ 910,000	\$ -	\$ 200,000	\$ 710,000	2014	438	-	438	244
Columbia Memorial Hospital	10,495,000	-	430,000	10,065,000	2033	1,109	-	-	1,172
Columbia Memorial Hospital	2,760,000	-	255,000	2,505,000	2027	1,109	-	-	1,172
BAC Sales	2,500,000	-	82,930	2,417,070	2021	2	18	18	83
	<u>\$ 16,665,000</u>	<u>\$ -</u>	<u>\$ 967,930</u>	<u>\$ 15,697,070</u>					

See accompanying notes and independent auditors' report.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULE OF PROJECTS AND EXEMPTIONS  
Year ended December 31, 2011

Project Code	Project Owner	Real Property Tax Exemptions County		Real Property Tax Exemptions Local		Real Property Tax Exemptions School		Sales Tax	Mortgage Recording	Total Exemptions
		\$		\$		\$				
10010801A	2990 Realty Corporation 2990 Route 9 Hudson, NY 12534	\$ 9,439	\$ -	2,359	\$ 25,191	\$ -	\$ -	\$ -	\$ -	\$ 36,989
10010107A	America Bio Medical 122 Smith Rd Kinderhook, NY 12106	4,953	-	1,456	13,877	-	-	-	-	20,286
10019501A	RUAL Mfg./KAZ 4411 Route 9 Hudson, NY 12534	54,064	-	27,350	-	-	-	-	-	81,414
10010004A	Yonder Farms 301 Route 66 Hudson, NY 12534	7,733	-	4,008	-	-	-	-	-	11,741
10010108A	Whiter Rehabilitation and Skilled Nursing Center One Whittier Way Ghent, NY 12075	26,115	-	5,112	68,407	-	-	-	-	99,634
10010700A	Hudson Park State Route 9 and 23 Livingston, NY 12541	32,746	-	10,915	65,492	-	-	-	-	109,153

See accompanying notes and independent auditors' report.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
 SCHEDULE OF PILOTS AND FULL TIME EQUIVALENT JOBS  
 Year ended December 31, 2011

Project Code	Project Owner	Real Property		Real Property		Sales Tax	Mortgage	Total
		Exemptions	County	Tax Exemptions	School			
10019803A	G's Best Realty Box 17 Route 66 Hudson, NY 12534	139,893	27,400	354,393	-	-	-	521,686
10010900A	Valatie Land Development Route 9 Valatie, NY 12184	5,961	4,773	17,528	-	-	-	28,262
10011002A	Empire Property Group LTD 502 Union Street Hudson, NY 12534	33,422	7,680	88,190	-	-	-	129,292
10011000A	Local Ocean 4269 Route 9 Hudson, NY 12534	-	-	66,052	-	-	-	66,052
10011001A	BAC Sales 1871 Route 9 Hudson, NY 12534	61,354	-	-	-	-	-	61,354
		<u>\$ 375,680</u>	<u>\$ 91,053</u>	<u>\$ 699,130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,165,863</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, 2011

Project Code	County		Local		School		Total		# of FTE Employees at Project Location		# of FTE Employees		# of FTE Construction Jobs Created	
	PILOT	PILOT	PILOT	PILOT	PILOT	PILOT	PILOTS	Before IDA Status	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained	# of Current FTE Employees	FTE Employees	During Fiscal Year	Year
10010801A	\$ 4,531	\$ 1,132	\$ 13,100	\$ 18,763	-	18	3	-	-	3	N/A			
10010107A	4,458	1,310	13,183	18,951	-	10	48	-	-	48	N/A			
10019803A	20,984	4,110	53,159	78,253	135	38	222	135	135	222	N/A			
*10019501A	21,420	10,836	-	32,256	297	50	-	275	275	-	N/A			
10010004A	7,347	3,808	-	11,155	15	15	40	15	15	40	N/A			
10010108A	66,369	4,823	73,886	145,078	-	-	138	-	-	138	N/A			
10010700A	5,445	1,815	10,890	18,150	-	-	1	-	-	1	N/A			
10010900A	3,279	2,625	9,641	15,545	32	36	29	36	36	29	N/A			
10011002A	6,684	1,536	17,638	25,858	-	-	-	-	-	-	N/A			
10011000A	-	-	20,450	20,450	19	28	44	47	47	44	N/A			
10011001A	13,320	-	-	13,320	2	16	83	18	18	83	N/A			
<b>Total</b>	<b>\$ 153,837</b>	<b>\$ 31,995</b>	<b>\$ 211,947</b>	<b>\$ 397,779</b>										

\* During 2011, this business ceased all operations and the PILOT was terminated effective June of 2011.

See accompanying notes and independent auditors' report.