

COLUMBIA COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
FINANCIAL STATEMENTS
For the Year Ended December 31, 2007

COLUMBIA COUNTY
INDUSTRIAL DEVELOPMENT AGENCY

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Management Discussion and Analysis	3-4
Statement of Financial Position	5
Statement of Activities	6
Statement of Cash Flows	7
Notes to Financial Statements	8-10
Supplementary Information	
Statement of Revenue and Expenditures Budget and Actual	11
Link to from Annual Financial Report to the New York State Comptroller	12
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	13-14

PATTISON, KOSKEY, HOWE & BUCCI, CPAs, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

2880 U.S. Route 9

VALATIE, NY 12184-5423

(518)-758-6776

FAX (518)-758-6779

mcollier@pkhbepa.com

REGINALD H. PATTISON, CPA (1910-2002)
RICHARD P. KOSKEY, CPA, PFS
JON RATH, CPA (RETIRED)
NED HOWE, CPA, PFS *
A. MICHAEL BUCCI, CPA
CAROL OLSTA, CPA
SUZANNE E. MULDOON, CPA
NANCY K. PATZWAHL, CPA **
BRAD CUMMINGS, CPA
SUSAN L. TRUE, CPA
DAVID M. PASCALE, JD, CPA

GLENN BOHAN, CPA
MICHAEL COLLIER, CPA
JOHN SUTPHIN, CPA

MEMBERS:

**AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS**

**NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
* ALSO LICENSED IN CONNECTICUT
** ALSO LICENSED IN VERMONT**

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of the Columbia County Industrial Development Agency (a component unit of the County of Columbia, New York) as of December 31, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

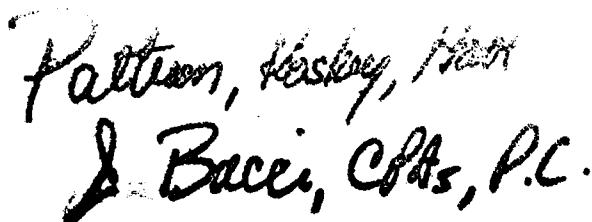
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Columbia County Industrial Development Agency as of December 31, 2007, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management discussion and analysis on pages 3 and 4, and the budgetary comparison on page 11, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information includes a link, on page 12, to the web site of the New York State Authority Budget Office where interested parties may view the Organization's annual financial report as recorded in the Public Authorities Reporting Information System (PARIS) pursuant to Section 2800 of the Public Authorities Law.

In accordance with Government Auditing Standards, we have also issued a report dated April 7, 2008, on our consideration of the 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 grants. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be read in conjunction with this report in considering the results of our audit.



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

PATTISON, KOSKEY, HOWE & BUCCI
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

Hudson, New York
April 7, 2008

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT DISCUSSION AND ANALYSIS

1. Introduction

Within this section of the Organization's financial statements, the Organization's management provides narrative discussion and analysis of the financial activities of the Organization for the fiscal year ended December 31, 2007. The Organization's financial performance is discussed following this section. This discussion and analysis is intended to serve as an introduction to the Organization's basic financial statements for the fiscal year ended December 31, 2007.

2. Overview of the Financial Statements

The Organization's basic financial statements include: (1) general-purpose financial statements, (2) notes to the financial statements, and (3) supplementary information.

A. General Purpose Financial Statements

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 statement

B. Notes to Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of general-purpose financial statements. The notes to the financial statements begin immediately following the basic financial statements.

C. Supplementary Information

The Statement of Revenue and Expenditures - Budget and Actual provides a comparison of budget and actual information for the Organization's operating accounts. Supplementary information begins immediately following the notes to the financial statements.

3. Financial Analysis of the General Fund

The General Fund is the Organization's operating fund. Below is a summary of fund balance and revenues, expenditures and change in fund balance for the year ended December 31, 2007.

General Fund	
	<u>12/31/2007</u>
Assets	\$ <u>10,785</u>
Liabilities	2,700
Fund Balance	<u>8,085</u>
	\$ <u><u>10,785</u></u>

See auditors' report.

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

3. Financial Analysis of the General Fund (Continued)

The Fund's assets consist of cash, money market funds and prepaid expense. Funds received from various participants in the Organization's PILOT projects are deposited in the general fund until they are subsequently disbursed to the appropriate taxing jurisdictions.

The Fund's liabilities consist entirely of trade payables and are not material to the Organization's overall financial position.

General Fund

	<u>12/31/2007</u>
Revenues	
PILOT receipts	\$ 264,721
Proceeds from sale of land	19,500
Interest	409
Administration fees	<u>10,500</u>
	295,130
Expenditures	<u>334,934</u>
Total expenditures in excess of revenue	(39,804)
Fund balance at the beginning of the year	<u>47,889</u>
Fund balance at the end of the year	<u>\$ 8,085</u>

Revenues are derived primarily from PILOT receipts, interest and administration fees. In 2007 the Organization also realized income from the sale of land causing revenues to increase by 66% over 2006. Expenditures decreased by 4% despite \$33,758 in legal fees incurred as a result of an action brought against the Green Manor facility for breach of contract.

4. General Fund Highlights

The General Fund revenue budget for the fiscal year was \$25,750 (excluding PILOT receipts) with a projected deficit of \$10,750. There were no amendments to the general fund budget.

Total general fund revenues (excluding PILOT receipts) were 118% more than budget, due to greater-than-projected administration fees and proceeds from the sale of land. Total general fund expenditures exceeded budget by 187%, due to legal fees associated with the Green Manor action.

See auditors' report.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF FINANCIAL POSITION
December 31, 2007

ASSETS

Assets:

Cash and cash equivalents:

Checking	\$ 1,843	
Money market	<u>7,026</u>	
Total cash		8,869

Prepaid expense		<u>1,916</u>
-----------------	--	--------------

Total assets		<u>\$ 10,785</u>
--------------	--	------------------

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable, trade	\$ 2,700	
-------------------------	----------	--

Net assets:

Unrestricted		<u>8,085</u>
--------------	--	--------------

Total liabilities and net assets		<u>\$ 10,785</u>
----------------------------------	--	------------------

See accompanying notes and auditors' report.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
for the year ended December 31, 2007

Change in unrestricted net assets

Revenues:		
PILOT receipts		\$ 264,721
Proceeds from sale of land		19,500
Interest		409
Administration and application fees		<u>10,500</u>
Total revenues		295,130
Expenses:		
PILOT payments	\$ 264,721	
Professional fees	45,684	
Insurance	4,844	
Office	2,185	
Administration	<u>17,500</u>	
Total expenses		<u>334,934</u>
Changes in net assets		(39,804)
Unrestricted net assets, beginning		<u>47,889</u>
Unrestricted net assets, ending		<u><u>\$ 8,085</u></u>

See accompanying notes and auditors' report.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF CASH FLOWS
for the year ended December 31, 2007

Cash flows from operating activities:

Change in net assets		\$ <u>(39,804)</u>
Adjustment to reconcile change in net assets to net cash from operating activities:		
Increase on prepaid expense	(1,916)	
Decrease in accounts payable	<u>(593)</u>	
Total adjustments		<u>(2,509)</u>
Net cash used for operating activities		(42,313)
Cash and cash equivalents, beginning of year		<u>51,182</u>
Cash and cash equivalents, end of year		<u><u>\$ 8,869</u></u>

See accompanying notes and auditors' report.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies:

A. Financial Reporting Entity:

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. The Agency is exempt from federal, state and local income taxes. The Agency is a component unit of County of Columbia, New York.

The financial statements of Columbia County Industrial Development Agency have been prepared on a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America as applied to government units.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

Columbia County Industrial Development Agency has presented financial information in accordance with the reporting mode in effect prior to that described in GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. The basis of accounting used has been applied in a manner consistent with the prior period.

The additional minimum financial reporting requirements of GASB statement No. 34 for state and local governments include:

Management's Discussion and Analysis - The MD&A is a component of Required Supplementary Information (RSI). The MD&A is an introduction to the basic financial statements and an analytical overview of the government's financial activities.

RSI other than the MD&A - Includes the required budgetary comparison schedule for the General Fund and is located immediately following the notes to the financial statements.

B. Basis of Accounting:

The financial statements of the Agency have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

See auditors' report.

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

1. Summary of Significant Accounting Policies (Continued):

C. Budgetary Data:

The budget policies are as follows:

In November 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.

Upon approval of the Board of Directors, a copy of the budget is submitted to the chairman of the County Board of Supervisors for approval.

D. 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.

2. Credit Risk:

For purposes of reporting cash flows, the Organization 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, 2007, cash, which consists of one checking and two money market accounts, was covered by federal depository insurance up to \$100,000. 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.

	<u>Bank Balance</u>	<u>Book Balance</u>
First Niagara Bank	\$ 15,180	\$ 5,083
Key Bank	<u>4,199</u>	<u>3,786</u>
	<u>\$ 19,379</u>	<u>\$ 8,869</u>

See auditors' report.

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

3. 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, 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, 2007 there were three (3) series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of approximately \$5,400,000.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
 STATEMENT OF REVENUE AND EXPENDITURES BUDGET AND ACTUAL
 for the year ended December 31, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenue:			
Interest	\$ 500	\$ 409	\$ (91)
Proceeds from sale of land	17,500	19,500	2,000
Application and administration fees	<u>7,750</u>	<u>10,500</u>	<u>2,750</u>
Total revenue	<u>25,750</u>	<u>30,409</u>	<u>4,659</u>
Expenditures:			
Professional fees	15,000	45,684	(30,684)
Insurance	5,000	4,844	156
Office expense	1,000	2,185	(1,185)
Administration expense	<u>17,500</u>	<u>17,500</u>	<u>-</u>
Total expenditures	<u>38,500</u>	<u>70,213</u>	<u>(31,713)</u>
Total expenditures in excess of revenue	<u>\$ (12,750)</u>	<u>\$ (39,804)</u>	<u>\$ (27,054)</u>

See accompanying notes and auditors' report.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
LINK TO REQUIRED ANNUAL REPORT INFORMATION
for the year ended December 31, 2007

The Organization's annual filing with the NYS Authority Budget Office may be viewed online at <http://www.abo.state.ny.us/>.

See accompanying notes and auditors' report.

PATTISON, KOSKEY, HOWE & BUCCI, CPAs, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

2880 U.S. Route 9

VALATIE, NY 12184-5423

(518)-758-6776

FAX (518)-758-6779

mcollier@pkhbcpa.com

REGINALD H. PATTISON, CPA (1910-2002)
RICHARD P. KOSKEY, CPA, PFS
JON RATH, CPA (RETIRED)
NED HOWE, CPA, PFS *
A. MICHAEL BUCCI, CPA
CAROL OLSTA, CPA
SUZANNE E. MULDOON, CPA
NANCY K. PATZWahl, CPA **
BRAD CUMMINGS, CPA
SUSAN L. TRUE, CPA
DAVID M. PASCALE, JD, CPA

GLENN BOHAN, CPA
MICHAEL COLLIER, CPA
JOHN SUTPHIN, CPA

MEMBERS:

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS
* ALSO LICENSED IN CONNECTICUT
** ALSO LICENSED IN VERMONT

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING 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, 2007, and have issued our report thereon dated April 7, 2008. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance:

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 grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered Columbia County Industrial Development Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board 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.*

PATTISON, KOSKEY, HOWE & BUCCI
CERTIFIED PUBLIC ACCOUNTANTS, P.C.

Hudson, New York
April 7, 2008