



PATTISON, KOSKEY, HOWE & BUCCI

www.pkhbpa.com

Richard P. Koskey, CPA
Ned Howe, CPA
A. Michael Bucci, CPA
Bradley Cummings, CPA, CVA
Suzanne E. Muldoon, CPA
Nancy K. Patzwahl, CPA
Matthew H. VanDerbeck, CPA
Gary F. Newkirk, CPA
N. Thérèse Wolfe, CPA
Mary A. Kimball, CPA

Reginald H. Pattison, CPA (1910-2002)
Jon Rath, CPA (Retired)

Jean Howe Lossi, EA
Carol LaMont Howe, EA
Dennis A. O'Brien, CPA

March 31, 2016

To the Board of Directors of the
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, 2015 and have issued our report thereon dated March 31, 2016. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated February 5, 2016, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Columbia County Industrial Development Agency solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

502 Union Street
Hudson, NY 12534
Tel: 518-828-1565
Fax: 518-828-2672

45 Five Mile Woods Road, Ste 1
Catskill, NY 12414
Phone: 518-943-4502
Fax: 518-943-6532

2880 Route 9, Ste 2
Valatie, NY 12184
Tel: 518-758-6776
Fax: 518-758-6779

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

465 Washington Ave.
Kingston, NY 12401
Tel: 845-331-5030
Fax: 845-331-0242

Compliance with All Ethics Requirements Regarding Independence

The engagement team and others in our firm, as appropriate have complied with all relevant ethical requirements regarding independence.

Non-attest services we performed included: 1) drafting of the Agency's financial statements, 2) proposing adjusting journal entries as a result of our audit, if applicable, and 3) assisting with the Agency's annual PARIS report. Erin McNary and Mike Tucker were designated the responsible management employees to oversee our non-attest services.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. The significant accounting policies used by Columbia County Industrial Development Agency are described in Note 2 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2015. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. There were no adjustments proposed by us that were not recorded by management as a result of the audit process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Columbia County Industrial Development Agency's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management in a letter dated March 31, 2016.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In the normal course of our professional association with Columbia County Industrial Development Agency, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Columbia County Industrial Development Agency's auditors.

This information is intended solely for the use of the board of directors and management of Columbia County Industrial Development Agency and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Pattison, Koskey, Howe & Bucci, CPAs, PC

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



PATTISON, KOSKEY, HOWE & BUCCI

www.pkhbcpa.com

Richard P. Koskey, CPA
Ned Howe, CPA
A. Michael Bucci, CPA
Bradley Cummings, CPA, CVA
Suzanne E. Muldoon, CPA
Nancy K. Patzwahl, CPA
Matthew H. VanDerbeck, CPA
Gary F. Newkirk, CPA
N. Thérèse Wolfe, CPA
Mary A. Kimball, CPA

Reginald H. Pattison, CPA (1910-2002)
Jon Rath, CPA (Retired)

Jean Howe Lossi, EA
Carol LaMont Howe, EA
Dennis A. O'Brien, CPA

To the Board of Directors of the
Columbia County Industrial Development Agency

In planning and performing our audit of the financial statements of Columbia County Industrial Development Agency as of and for the year ended December 31, 2015, 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, we considered Columbia County Industrial Development Agency's internal control over financial reporting (internal control) 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 entity's internal control. 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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

During our audit, we became aware of matters that are opportunities for strengthening controls and operating efficiency that were not considered significant deficiencies or material weaknesses. A description of this other matter can be found on the attachment.

The purpose of this communication, which is an integral part of our audit, is to describe, for management and those charged with governance, the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

Pattison, Koskey, Howe & Bucci, CPAs, PC

March 31, 2016
Kingston, New York

502 Union Street
Hudson, NY 12534
Tel: 518-828-1565
Fax: 518-828-2672

45 Five Mile Woods Road, Ste 1
Catskill, NY 12414
Phone: 518-943-4502
Fax: 518-943-6532

2880 Route 9, Ste 2
Valatie, NY 12184
Tel: 518-758-6776
Fax: 518-758-6779

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

465 Washington Ave.
Kingston, NY 12401
Tel: 845-331-5030
Fax: 845-331-0242

ATTACHMENT

Current Years Observations and Recommendations

Other Matters

Observation

The Agency administers conduit bonds to non-profit organizations which are disclosed in the supplemental information to the financial statements and in the New York State PARIS report. At year end, in conjunction with audit procedures, the Agency sends confirmations to the entities to determine the outstanding principal balance, however, the entities have been unable to provide supporting documentation that reconcile to the balances confirmed.

The Agency is also required to obtain New York State form ST-340 from each entity that has submitted an ST-60 with New York State for tax exemption. The ST-340 provides the required exemption information for the supplemental information to the financial statements and the New York State PARIS report. The Agency was unaware of this requirement when we inquired during our audit procedures.

Recommendations

We recommend the Agency formalize a process and procedure to ensure that all of the conduit bond recipients are providing adequate supporting documentation to the Agency for monitoring of the outstanding balances on the bonds, at a minimum, subsequent to each year end. The Agency should also formalize a procedure for obtaining all of the form ST-340s subsequent to each year end.

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

FINANCIAL STATEMENTS
(and Reports of Independent Auditors)

December 31, 2015 and 2014

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

TABLE OF CONTENTS

	<u>Pages(s)</u>
Independent Auditors' Report	1-3
Management Discussion and Analysis	4-6
Statements of Net Position	7
Statements of Revenues, Expenses and Changes in Net Position	8
Statements of Cash Flows	9
Notes to Financial Statements	10-13
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>	14-15
Supplementary Information:	
Schedule of Revenues and Expenditures - Budget and Actual	16
Schedule of Conduit Debt Obligations	17
Schedule of Projects and Exemptions	18
Schedule of PILOTS	19
Other Information:	
Schedule of Employment Data	20



PATTISON, KOSKEY, HOWE & BUCCI

Accounting Firm

Richard P. Koskey, CPA
Ned Howe, CPA
A. Michael Bucci, CPA
Bradley Cummings, CPA, CVA
Suzanne E. Muldoon, CPA
Nancy K. Patzwahl, CPA
Matthew H. VanDerbeck, CPA
Gary F. Newkirk, CPA
N. Therèse Wolfe, CPA
Mary A. Kimball, CPA

Reginald H. Pattison, CPA (1910-2002)
Jon Rath, CPA (Retired)

Jean Howe Lossi, EA
Carol LaMont Howe, EA
Dennis A. O'Brien, CPA

Independent Auditors' Report

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

Report on the Financial Statements

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, 2015 and 2014 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 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 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

502 Union Street
Hudson, NY 12534
Tel: 518-828-1565
Fax: 518-828-2672

45 Five Mile Woods Road, Ste 1
Catskill, NY 12414
Phone: 518-943-4502
Fax: 518-943-6532

2880 Route 9, Ste 2
Valatie, NY 12184
Tel: 518-758-6776
Fax: 518-758-6779

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

465 Washington Ave.
Kingston, NY 12401
Tel: 845-331-5030
Fax: 845-331-0242

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 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, 2015 and 2014, and the changes in financial position, and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 6 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.

Other Information

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 Revenues and Expenditures – Budget to Actual, Schedule of Conduit Debt Obligations, Schedule of Projects and Exemptions, Schedule of PILOTS, and Schedule of Employment Data are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Revenues and Expenditures – Budget to Actual, Schedule of Conduit Debt Obligations, Schedule of Projects and Exemptions, and Schedule of PILOTS are the responsibility of management and were derived from and relate 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 audit 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 Revenues and Expenditures – Budget to Actual, Schedule of Conduit Debt Obligations, Schedule of Projects and Exemptions, and Schedule of PILOTS are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Employment Data 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March __, 2016 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* in considering Columbia County Industrial Development Agency's internal control over financial reporting and compliance.

Pattison, Koshey, Howe & Bucci, CPAs, PC

Kingston, New York
March 31, 2016

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of the County of Columbia, New York)
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 years ended December 31, 2015 and 2014. This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements for the years ended December 31, 2015 and 2014.

2. Overview of the Financial Statements:

The Agency's basic financial statements include: (1) financial statements, (2) notes to the financial statements, (3) supplementary information, and (4) 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 Changes 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.

C. Supplementary and Other Information

The Schedule 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, Payment in Lieu of Taxes (PILOTS) and Employment Data 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.

See independent auditors' report

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of the County of Columbia, New York)
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

2. Financial Highlights:

The revenue increased by \$166,238 from 2014 to 2015 due to the \$160,000 received for administrative income from the Ginsberg's and Sunstream projects. The Agency also sold Commerce Park land in 2015 for \$2,740 which did not occur in 2014. The expenses decreased by \$11,131 from 2014 to 2015 due to the CEDC's waiver of the \$12,500 administration fee for 2015.

The total revenues decreased by \$16,789 from 2013 to 2014 due to no project administration income. Total expenditures in 2014 were significantly higher than the expenditures in 2013, due to the unexpected legal and other fees associated with the Ginsberg's expansion project.

3. Financial Statement Analysis:

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

	2015	2014	2013
Assets	<u>\$ 193,796</u>	<u>\$ 67,096</u>	<u>\$ 117,836</u>
Liabilities	\$ 56,337	\$ 56,305	\$ 56,344
Net Position	<u>137,459</u>	<u>10,791</u>	<u>61,492</u>
Total Liabilities and Net Position	<u>\$ 193,796</u>	<u>\$ 67,096</u>	<u>\$ 117,836</u>

Below is a comparative summary of the Agency's Statements of Revenues, Expenses, and Changes in Net Position for the years ended December 31:

	2015	2014	2013
Revenues			
Interest	\$ 45	\$ 47	\$ 86
Land sale income	2,740	-	-
Application and administration fees	<u>169,500</u>	<u>6,000</u>	<u>22,750</u>
Total revenues	<u>172,285</u>	<u>6,047</u>	<u>22,836</u>
Expenditures			
Administrative - CEDC	-	12,500	10,000
Insurance	2,707	2,664	2,585
Legal fees	9,709	26,004	6,078
Consultants	-	2,200	-
Accounting and audit	7,720	8,562	8,739
Other miscellaneous	<u>25,481</u>	<u>4,818</u>	<u>1,302</u>
Total expenditures	<u>45,617</u>	<u>56,748</u>	<u>28,704</u>
Change in net position	126,668	(50,701)	(5,868)
Net position at the beginning of the year	<u>10,791</u>	<u>61,492</u>	<u>67,360</u>
Net position at the end of the year	<u>\$ 137,459</u>	<u>\$ 10,791</u>	<u>\$ 61,492</u>

See independent auditors' report

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of the County of Columbia, New York)
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

3. Financial Statement Analysis (Continued):

The revenue budget for 2015 was \$86,535 with a projected profit of \$54,535. The revenue budget for 2014 was \$8,035 with a projected loss of \$23,965. There were no amendments to the budget during 2015 and 2014.

Total revenues were more than the budget in 2015, primarily due to an increase in administrative fees from the Sunstream project. Total expenditures were higher than the budget in 2015, due to the unexpected contribution to the CREDC for \$25,000, which was offset by a decrease in administration fees due to CEDC waiving the fee for 2015.

The revenue budget for 2014 was \$8,035 with a projected loss of \$23,965. Total revenues were less than the budget, primarily due to the budgeted amount for the land sale, which did not occur in 2014. Total expenditures were significantly higher than the budget, due to the unexpected legal and other fees associated with the Ginsberg's expansion project.

4. Economic Factors and Next Year's Budget:

The ability to generate future fee revenue and meet the Agency's 2016 revenue budget expectation is dependent on future project closings. The ability to predict the future success of such events is difficult. Economic conditions in Columbia County, New York as well as changes in interest rates, influence the Agency's ability to attract such project and financing activities.

5. Additional Information:

This report is prepared for the use of the Agency's audit committee, management, federal awarding agencies and pass through entities, and members of the public interested in the affairs of the Agency. Questions with regard to this financial report or requests for additional information may be addressed to the Executive Director, Columbia County Industrial Development Agency, 4303 Route 9, Hudson, NY 12534.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of the County of Columbia, New York)
STATEMENTS OF NET POSITION
December 31, 2015 and 2014

ASSETS

Assets:	<u>2015</u>	<u>2014</u>
Cash and cash equivalents:		
Unrestricted		
Checking	\$ 63,301	\$ 5,875
Money market	<u>72,918</u>	<u>4,916</u>
Total cash and cash equivalents	<u>136,219</u>	<u>10,791</u>
Due from CEDC	<u>1,240</u>	<u>-</u>
Total current assets	<u>137,459</u>	<u>10,791</u>
Restricted escrow account	<u>56,337</u>	<u>56,305</u>
Total assets	<u><u>\$ 193,796</u></u>	<u><u>\$ 67,096</u></u>

LIABILITIES AND NET POSITION

Liabilities:		
PILOT escrow deposits	<u>\$ 56,337</u>	<u>\$ 56,305</u>
Total liabilities	<u>56,337</u>	<u>56,305</u>
Net position:		
Unrestricted	<u>137,459</u>	<u>10,791</u>
Total liabilities and net position	<u><u>\$ 193,796</u></u>	<u><u>\$ 67,096</u></u>

See accompanying notes and independent auditors' report.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of the County of Columbia, New York)
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the years ended December 31, 2015 and 2014

	2015	2014
Revenues:		
Bank interest	\$ 45	\$ 47
Application fees	3,000	500
Miscellaneous income	2,740	-
Administration fees - Projects	160,000	-
Administration fees - PILOTS	6,500	5,500
Total revenues	<u>172,285</u>	<u>6,047</u>
Expenses:		
Professional Fees	17,429	36,766
Insurance	2,707	2,664
Contribution to Capital Region Economic Development Corporation (CREDC)	25,000	-
Office	481	4,818
Administration	-	12,500
Total expenses	<u>45,617</u>	<u>56,748</u>
Change in net position	126,668	(50,701)
Net position, beginning	<u>10,791</u>	<u>61,492</u>
Net position, ending	<u>\$ 137,459</u>	<u>\$ 10,791</u>

See accompanying notes and independent auditors' report.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

(a component unit of the County of Columbia, New York)

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Bank interest received	\$ 45	\$ 47
Operating expenses paid	(45,617)	(56,835)
Receipt of fees from land sale	1,500	-
Receipts from administration and application fees	169,500	6,000
PILOT receipts	177,372	207,377
PILOT payments	(177,372)	(207,377)
Net cash provided by (used for) operating activities	<u>125,428</u>	<u>(50,788)</u>
Net increase (decrease) in cash and cash equivalents	125,428	(50,788)
Cash and cash equivalents at beginning of year	10,791	61,579
Cash and cash equivalents at end of year	<u>\$ 136,219</u>	<u>\$ 10,791</u>

Reconciliation of change in net position to net cash
used for operating activities:

Change in net position	\$ 126,668	\$ (50,701)
Change in assets and liabilities:		
Increase in due from CEDC	(1,240)	-
Increase in PILOT escrow deposits	32	48
Increase in restricted escrow account	(32)	(48)
Decrease in accounts payable	-	(87)
Net cash provided by (used for) operating activities	<u>\$ 125,428</u>	<u>\$ (50,788)</u>

See accompanying notes and independent auditors' report.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of the County of Columbia, New York)
NOTES TO FINANCIAL STATEMENTS
December 31, 2015 and 2014

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 the 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 land sale transactions 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", was adopted by the Agency in 2012. The government-wide financial statements include the Agency's only fund which is required to be presented as an enterprise fund.

See independent auditors' report

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of the County of Columbia, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2015 and 2014

2. Summary of Significant Accounting Principles (Continued):

Deferred Outflows/Inflows of Resources

GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", defined and classified deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net assets that applies to future period(s), and as such, will not be recognized as an outflow of resources (expense/expenditure) until that time. A deferred inflow of resources is an acquisition of net assets that applies to future period(s), and as such, will not be recognized as an inflow of resources (revenue) until that time.

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 their approval for the next fiscal year. The tentative budget includes proposed expenditures and the proposed means of financing, which is to be used as a guide of activity for the fiscal year.

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 is generated from three (3) major sources: (1) land sales, (2) application fees for PILOTs and projects, and (3) administrative income from board-approved PILOTs and projects. All revenue is recognized when services are performed.

The Agency is responsible for collecting and remitting the PILOT payments received for state, county, and town/village jurisdictions, and only acts as a pass-through entity. No activity for the PILOT payments is reported in the financial statements. The jurisdictions have the ultimate risk of loss if PILOT payments are not paid to the Agency by the respective companies.

Net Position:

Net position is an element of proprietary fund financial statements, and is measured by the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflow of resources.

Subsequent Events:

Subsequent events have been evaluated through March 31, 2016, which is the date the financial statements were available to be issued.

See independent auditors' report

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of the County of Columbia, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2015 and 2014

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, 2015 and 2014, 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.

	2015		2014	
	Bank Balance	Book Balance	Bank Balance	Book Balance
First Niagara	\$ 2,176	\$ 2,177	\$ 2,176	\$ 2,176
Key Bank	134,609	134,042	11,021	8,615
	<u>\$ 136,785</u>	<u>\$ 136,219</u>	<u>\$ 13,197</u>	<u>\$ 10,791</u>

4. Conduit Debt Obligations:

From time to time, the 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 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, 2015 and 2014 there were three (3) series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$12,248,248 and \$12,892,540, 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 2015 and 2014. Another participant has a deposit of \$35,000 plus interest held in escrow. For 2014 and 2015, this deposit is held in a money market account.

See independent auditors' report

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of the County of Columbia, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2015 and 2014

6. Contribution to CREDC

Total expenditures for the year ended December 31, 2015 include \$25,000 paid to the Capital Region Economic Development Corporation (CREDC). The payment is for a study being conducted by CREDC investigating areas of New York State where further state funding would enhance the economy as part of the Upstate Revitalization Initiative (URI) approved by the governor. The payment was approved by the board in September 2015 with the hopes that it would increase the competitiveness of the Agency's area in terms of future funding from New York State as part of the URI program.

7. 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 Fees from Sale of Land. The Agency recorded \$2,740 of income related to this arrangement in 2015 and no income for this arrangement in 2014. As of December 31, 2015, \$1,240 was receivable from CEDC related to this arrangement.

The Agency pays an administrative fee to the CEDC quarterly to pay for expenses that CEDC staff incurs for the Agency. There were no outstanding fees to be paid as of December 31, 2015 or 2014. The Agency paid \$12,500 during 2014. During 2015, the fee was waived by CEDC and no amount was paid.



PATTISON, KOSKEY, HOWE & BUCCI

www.pkhbcpa.com

Richard P. Koskey, CPA
Ned Howe, CPA
A. Michael Bucci, CPA
Bradley Cummings, CPA, CVA
Suzanne E. Muldoon, CPA
Nancy K. Patzwahl, CPA
Matthew H. VanDerbeck, CPA
Gary F. Newkirk, CPA
N. Thérèse Wolfe, CPA
Mary A. Kimball, CPA

Reginald H. Pattison, CPA (1910-2002)
Jon Rath, CPA (Retired)

Jean Howe Lossi, EA
Carol LaMont Howe, EA
Dennis A. O'Brien, CPA

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

INDEPENDENT AUDITORS' REPORT

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

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 financial statements of Columbia County Industrial Development Agency as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Columbia County Industrial Development Agency's basic financial statements, and have issued our report thereon dated March 31, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Columbia County Industrial Development 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 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. Accordingly, we do not express an opinion on the effectiveness of Columbia County Industrial Development 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 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.

502 Union Street
Hudson, NY 12534
Tel: 518-828-1565
Fax: 518-828-2672

45 Five Mile Woods Road, Ste 1
Catskill, NY 12414
Phone: 518-943-4502
Fax: 518-943-6532

2880 Route 9, Ste 2
Valatie, NY 12184
Tel: 518-758-6776
Fax: 518-758-6779

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

465 Washington Ave.
Kingston, NY 12401
Tel: 845-331-5030
Fax: 845-331-0242

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Patton, Kosky, Howe & Bucci, CPA, PCs

Kingston, New York
March 31, 2016

SUPPLEMENTARY INFORMATION

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of the County of Columbia, New York)
SCHEDULE OF REVENUES AND EXPENDITURES-BUDGET AND ACTUAL
Year ended December 31, 2015

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Bank interest	\$ 35	\$ 45	\$ 10
Fees from sale of land	1,000	2,740	1,740
Application and administration fees	<u>85,500</u>	<u>169,500</u>	<u>84,000</u>
Total revenue	<u>86,535</u>	<u>172,285</u>	<u>85,750</u>
Expenditures:			
Professional fees	14,000	17,429	(3,429)
Insurance	4,000	2,707	1,293
Contribution to CREDC	-	25,000	(25,000)
Office expense	1,500	481	1,019
Administration	<u>12,500</u>	<u>-</u>	<u>12,500</u>
Total expenditures	<u>32,000</u>	<u>45,617</u>	<u>(13,617)</u>
Total revenues in excess of expenditures	<u>\$ 54,535</u>	<u>\$ 126,668</u>	<u>\$ 72,133</u>

See accompanying notes and independent auditors' report.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of the County of Columbia, New York)
SCHEDULE OF CONDUIT DEBT OBLIGATIONS
Year ended December 31, 2015

Bonds Listing	Outstanding Beginning of the Year	Issued During Fiscal Year	Paid During Fiscal Year	Outstanding End of Fiscal Year	Final Maturity Date
Columbia Memorial Hospital	\$ 8,705,000	\$ -	\$ 435,000	\$ 8,270,000	2033
Columbia Memorial Hospital	2,040,000	-	120,000	1,920,000	2027
BAC Sales	2,147,540	-	89,292	2,058,248	2021
	<u>\$ 12,892,540</u>	<u>\$ -</u>	<u>\$ 644,292</u>	<u>\$ 12,248,248</u>	

See accompanying notes and independent auditors' report.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of the County of Columbia, New York)
SCHEDULE OF PROJECTS AND EXEMPTIONS
Year ended December 31, 2015

Project Code	Project Owner	Real Property Tax Exemptions					Real Property Tax Exemptions		Mortgage Recording	Total Exemptions
		County	Local	School	Sales Tax		Property Tax			
	2990 Realty Corporation									
	2990 Route 9									
10010801A	Hudson, NY 12534	\$ 1,510	\$ 426	\$ 3,196	\$ -	\$ -			\$ -	\$ 5,132
	American Bio Medical									
	122 Smith Rd									
10010302A	Kinderhook, NY 12106	2,304	820	6,810	-	-			-	9,934
	Valatie Land Development									
	Route 9									
10010900A	Valatie, NY 12184	2,890	2,038	8,987	-	-			-	13,915
	BAC Sales									
	1871 Route 9									
10011001A	Hudson, NY 12534	986	(1,221)	5,215	-	-			-	4,980
	Sunstream Hudson LLC									
	90 Blue Hills Road									
10111501A	Hudson, NY 12534	-	2,063	24,208	\$ -	\$ -			-	33,961
		\$ 7,690	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -

See accompanying notes and independent auditors' report.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of the County of Columbia, New York)
SCHEDULE OF PILOTS
Year ended December 31, 2015

Project Code	County PILOT	Local PILOT	School PILOT	Sales Tax PILOT	Total PILOTS
10010801A	\$ 5,368	\$ 1,516	\$ 15,519	\$ -	\$ 22,403
10010302A	6,911	2,461	20,429	-	29,801
10010900A	5,202	3,670	16,177	-	25,049
10011001A	7,080	2,360	15,000	-	24,440
10111501A	-	-	-	20,000	20,000
Total	<u>\$ 51,168</u>	<u>\$ 17,863</u>	<u>\$ 88,341</u>	<u>\$ 20,000</u>	<u>\$ 177,372</u>

OTHER INFORMATION

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of the County of Columbia, New York)
SCHEDULE OF FULL-TIME EQUIVALENTS
Year ended December 31, 2015

Project Location	Number of FTE Employees at		Original Estimate of		Number of Current	
	Before IDA Status	Jobs to be Created	Jobs to be Retained	FTE Employees		
Columbia Memorial Hospital	1,109	-	-	1,288		
BAC Sales	2	18	18	50		
2990 Realty Corporation	-	18	-	16		
American Bio Medical	-	10	-	39		
Valatie Land Development	32	36	36	29		

See accompanying notes and independent auditors' report.