

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

FINANCIAL STATEMENTS
(and Reports of Independent Auditors)

December 31, 2016 and 2015

COLUMBIA COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of the County of Columbia, New York)
FINANCIAL STATEMENTS
December 31, 2016 and 2015

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	10-14
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>	15-16
Supplementary Information:	
Schedule of Conduit Debt Obligations	17
Schedule of Projects and Exemptions	18
Schedule of PILOTS	19
Other Information:	
Schedule of Employment Data	20



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March 28, 2017

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, 2016 and have issued our report thereon dated March 28, 2017. 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 January 24, 2017, 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.

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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 2016. 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. There were no adjustments proposed by 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 separate letter dated March 28, 2017.

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,

A handwritten signature in black ink, appearing to read "Mark S. Bucci, CPA". The signature is fluid and cursive, with the initials "MSB" being prominent.

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



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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, 2016 and 2015 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

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the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2016 and 2015, 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).

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Agency's 2015 financial statements have been restated to increase assets by \$25,500 for a land sale receivable and increase liabilities by \$25,500 for an amount due to Columbia County. Our opinion is not modified with respect to this matter.

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 of 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 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 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 28, 2017 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.

Patthan, Koskey, Howe & Bucci, CPAs, P.C.

Valatie, New York
March 28, 2017

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of the County of Columbia, New York)
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2016 and 2015

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, 2016 and 2015. This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements for the years ended December 31, 2016 and 2015.

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 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)
December 31, 2016 and 2015

3. Financial Highlights:

The revenue decreased by \$152,387 from 2015 to 2016 due primarily to a decrease in administrative fees earned from projects administered by the Agency. The expenses increased by \$3,184 from 2015 to 2016 due primarily to an increase in professional fees in 2016.

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.

Total revenue did not meet budget in 2016. In 2016, revenue did not meet budget due to less administrative fees earned from projects administered by the Agency. Total revenue exceeded budget in 2015, primarily due to an increase in administrative fees from the Sunstream project.

Total expenditures in 2016 were overall below budget due to the administration fee, insurance and other miscellaneous expenses being well below what was budgeted for the year. 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.

4. Financial Statement Analysis:

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

	2016	2015, as adjusted	2014
Assets	<u>\$ 215,244</u>	<u>\$ 219,296</u>	<u>\$ 67,096</u>
Liabilities	\$ 106,688	\$ 81,837	56,305
Net Position	<u>108,556</u>	<u>137,459</u>	<u>10,791</u>
Total Liabilities and Net Position	<u>\$ 215,244</u>	<u>\$ 219,296</u>	<u>\$ 67,096</u>

Total assets decreased by \$4,052 or 1.83% and total liabilities increased \$24,851 or 30.37% for the year ended December 31, 2016. Total net position decreased \$28,903 for the year ended December 31, 2016. The increase in liabilities was a result of an increase in the amount due to Columbia County related to a 2016 land sale.

Total assets increased by \$152,200 or 227% and total liabilities increased \$25,532 or 45.35% during 2015 compared to 2014. Total net position increased \$126,668 for the year ended December 31, 2015. The increase in net position was a result of a significant increase to administrative fees from two projects in 2015.

See independent auditors' report

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of the County of Columbia, New York)
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2016 and 2015

4. Financial Statement Analysis (Continued):

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

	2016	2015	2014
Revenues			
Interest	\$ 92	\$ 45	\$ 47
Land sale income	1,306	2,740	-
Application and administration fees	18,500	169,500	6,000
Total revenues	<u>19,898</u>	<u>172,285</u>	<u>6,047</u>
Expenditures			
Administrative - CEDC	25,000	-	12,500
Insurance	2,707	2,707	2,664
Legal fees	12,223	9,709	26,004
Consultants	125	-	2,200
Accounting and audit	8,106	7,720	8,562
Other miscellaneous	640	25,481	4,818
Total expenditures	<u>48,801</u>	<u>45,617</u>	<u>56,748</u>
Change in net position	(28,903)	126,668	(50,701)
Net position at the beginning of the year	<u>137,459</u>	<u>10,791</u>	<u>61,492</u>
Net position at the end of the year	<u><u>\$ 108,556</u></u>	<u><u>\$ 137,459</u></u>	<u><u>\$ 10,791</u></u>

The revenue budget for 2016 was \$90,035 with a projected profit of \$22,535. The revenue budget for 2015 was \$86,535 with a projected profit of \$54,535. There were no amendments to the budget during 2016 and 2015.

The Agency's revenues in 2016 were \$19,898 versus \$172,285 in 2015. The Agency's expenses in 2016 were \$48,801 versus \$45,617 in 2015. The Agency's net position decreased \$28,903 and increased \$126,668 as a result of operations in 2016 and 2015, respectively.

5. Economic Factors and Next Year's Budget:

The ability to generate future fee revenue and meet the Agency's 2017 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.

6. 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.

See independent auditors' report

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of the County of Columbia, New York)
STATEMENTS OF NET POSITION
December 31, 2016 and 2015

ASSETS

Assets:	2016	2015 (as adjusted)
Cash and cash equivalents:		
Unrestricted		
Checking	\$ 35,622	\$ 63,301
Money market	72,934	72,918
Total cash and cash equivalents	<u>108,556</u>	<u>136,219</u>
Due from CEDC	-	1,240
Land sale receivables, current	<u>8,344</u>	<u>3,121</u>
Total current assets	116,900	140,580
Land sale receivables, long term	41,785	22,379
Restricted escrow account	<u>56,559</u>	<u>56,337</u>
Total assets	<u><u>\$ 215,244</u></u>	<u><u>\$ 219,296</u></u>

LIABILITIES AND NET POSITION

Liabilities:		
PILOT escrow deposits	\$ 56,559	\$ 56,337
Due to Columbia County, current	<u>8,344</u>	<u>3,121</u>
Total current liabilities	64,903	59,458
Due to Columbia County, long term	<u>41,785</u>	<u>22,379</u>
Total liabilities	106,688	81,837
Net position:		
Unrestricted	<u>108,556</u>	<u>137,459</u>
Total liabilities and net position	<u><u>\$ 215,244</u></u>	<u><u>\$ 219,296</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, 2016 and 2015

	2016	2015
Revenues:		
Bank interest	\$ 92	\$ 45
Application fees	3,000	3,000
Land sale income	1,306	2,740
Administration fees - Projects	10,000	160,000
Administration fees - PILOTS	5,500	6,500
Total revenues	<u>19,898</u>	<u>172,285</u>
Expenses:		
Professional fees	20,454	17,429
Insurance	2,707	2,707
Contribution to Capital Region Economic Development Corporation (CREDC)	-	25,000
Office	640	481
Administration- CEDC	25,000	-
Total expenses	<u>48,801</u>	<u>45,617</u>
Net (decrease) increase in net position	(28,903)	126,668
Net position, beginning	<u>137,459</u>	<u>10,791</u>
Net position, ending	<u>\$ 108,556</u>	<u>\$ 137,459</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, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Bank interest received	\$ 92	\$ 45
Operating expenses paid	(48,801)	(45,617)
Receipt of fees from land sale	2,546	1,500
Receipts from administration and application fees	18,500	169,500
PILOT receipts	140,812	177,372
PILOT payments	(140,812)	(177,372)
Net cash (used for) provided by operating activities	(27,663)	125,428
Net (decrease) increase in cash and cash equivalents	(27,663)	125,428
Cash and cash equivalents at beginning of year	136,219	10,791
Cash and cash equivalents at end of year	<u>\$ 108,556</u>	<u>\$ 136,219</u>

Reconciliation of change in net position to net cash

(used for) provided by operating activities:

Change in net position	\$ (28,903)	\$ 126,668
Change in assets and liabilities:		
Decrease (increase) in due from CEDC	1,240	(1,240)
Increase in PILOT escrow deposits	222	32
Increase in restricted escrow account	(222)	(32)
Decrease in land sale receivables	3,121	-
Decrease in due to Columbia County	(3,121)	-
Net cash (used for) provided by operating activities	<u>\$ (27,663)</u>	<u>\$ 125,428</u>

Non-cash activity:

Land sale receivable/payable to Columbia County	<u>\$ 27,750</u>	<u>\$ 25,500</u>
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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, 2016 and 2015

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, 2016 and 2015

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.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of the County of Columbia, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2016 and 2015

2. Summary of Significant Accounting Principles (Continued):

Restatement:

The Agency's financial statements as of and for the year ended December 31, 2015, have been restated to increase assets by \$25,500 for a land sale receivable and increase liabilities by \$25,500 for an amount due to Columbia County.

Subsequent Events:

Subsequent events have been evaluated through March 28, 2017, which is the date the financial statements were available to be issued.

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, 2016 and 2015, 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.

Concentrations of credit risk with respect to notes receivables relates to two third party loans for land sales (note 6). Generally, sufficient collateral or a personal guarantee is obtained for all loans at the time of disbursement. Collateral is generally in the form of a mortgage on real property. Management monitors collectability of each note on an individual loan basis based on the underlying financial position of the borrower.

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, 2016 and 2015, there were three (3) series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$11,597,572 and \$12,248,248, respectively.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of the County of Columbia, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2016 and 2015

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 was in the form of a 180 and 270 day certificate of deposit as of December 31, 2016 and 2015, respectively. Another participant has a deposit of \$35,000 plus interest held in escrow. For 2016 and 2015, this deposit is held in a money market account.

6. Land Sale Receivables:

The Agency participates in a program to sell undeveloped land owned by Columbia County. The Agency works directly with the buyer on the County's behalf. The Agency recognizes a receivable for the sales price due from the buyer and a liability to the County for the same amount. The Agency plays an administrative role in the transfer of the land and retains the interest portion earned on land sale receivables as payment for servicing the loans and the remaining principal portion is forwarded to the County.

In 2015, the Agency sold a piece of land in Commerce Park to an individual for \$25,500. The Agency received a seven-year note at 5% with annual principal and interest payments of \$4,425. At December 31, 2016 and 2015, the balance of the land sale receivable and due to Columbia County was \$22,380 and \$25,500, respectively.

In 2016, the Agency sold an additional piece of land in Commerce Park to an individual for \$27,750. The Agency received a five-year note at 4.5% with annual principal and interest payments of \$6,338. At December 31, 2016, the balance of the land sale receivable and due to Columbia County was \$27,750.

7. 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.

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of the County of Columbia, New York)
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
December 31, 2016 and 2015

8. Related Party Transactions:

The Agency has participated in Commerce Center Land Sales with the Columbia Economic Development Corporation (CEDC). The Agency performed an administrative role in the transfer of the land and in accordance with agreements with the CEDC, received a stipend, called Fees from Sale of Land. The Agency recorded \$2,740 for this arrangement in 2015. As of December 31, 2015, \$1,240 was receivable from CEDC related to this arrangement.

During the year ended December 31, 2016, the Agency recorded \$1,306 of land sale income related to the sale of Commerce Park land (see note 6).

The Agency pays an administrative fee to the CEDC quarterly for expenses that CEDC staff incurs on behalf of the Agency. There were no outstanding fees to be paid as of December 31, 2016 or 2015. The Agency paid \$25,000 in fees during 2016. During 2015, the fee was waived by CEDC and no amount was paid.



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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, 2016, 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 28, 2017.

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.

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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.

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

Valatie, New York
March 28, 2017

SUPPLEMENTARY INFORMATION

COLUMBIA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of the County of Columbia, New York)
SCHEDULE OF CONDUIT DEBT OBLIGATIONS
Year ended December 31, 2016

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	\$ 8,270,000	\$ -	\$ 450,000	\$ 7,820,000	2033
Columbia Memorial Hospital	1,920,000	-	125,000	1,795,000	2027
BAC Sales	2,058,248	-	75,676	1,982,572	2021
	<u>\$ 12,248,248</u>	<u>\$ -</u>	<u>\$ 650,676</u>	<u>\$ 11,597,572</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, 2016

Project Code	Project Owner	Real Property Tax Exemptions					Mortgage Recording		Total Exemptions
		County	Local	School	Sales Tax		Recording		
	2990 Realty Corporation								
	2990 Route 9								
10010801A	Hudson, NY 12534	\$ 1,162	\$ 331	\$ 2,227	\$ -	\$ -	\$ -	\$ -	3,720
	American Bio Medical								
	122 Smith Rd								
10010302A	Kinderhook, NY 12106	1,839	646	5,445	-	-	-	-	7,930
	Valatie Land Development								
	Route 9								
10010900A	Valatie, NY 12184	2,536	1,915	7,906	-	-	-	-	12,357
	BAC Sales								
	1871 Route 9								
10011001A	Hudson, NY 12534	(182)	(1,364)	5,761	-	-	-	-	4,215
	Sunstream Hudson LLC								
	90 Blue Hills Road								
10111501A	Hudson, NY 12534	-	-	-	-	-	-	-	-
	Premier Riverfront LLC								
	353 Fairview Avenue								
10011301A	Hudson, NY 12534	-	-	-	-	-	-	-	-
		<u>\$ 5,355</u>	<u>\$ 1,528</u>	<u>\$ 21,339</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,222</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 PILOTS
Year ended December 31, 2016

Project Code	County PILOT	Local PILOT	School PILOT	Sales Tax PILOT	Total PILOTS
10010801A	\$ 5,641	\$ 1,609	\$ 16,033	\$ -	\$ 23,283
10010107A	7,356	2,584	21,780	-	31,720
10010900A	5,534	4,178	17,250	-	26,962
10011001A	7,500	2,500	15,840	-	25,840
10111501A	-	-	-	-	-
10011301A	7,564	4,227	21,216	-	33,007
Total	<u>\$ 33,595</u>	<u>\$ 15,098</u>	<u>\$ 92,119</u>	<u>\$ -</u>	<u>\$ 140,812</u>

See accompanying notes and independent auditors' report.

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, 2016

Project Location Before IDA Status	Number of FTE Employees at		Original Estimate of		Original Estimate of		Number of Current	
	Jobs to be Created	Jobs to be Retained	Jobs to be Created	Jobs to be Retained	Jobs to be Created	Jobs to be Retained	FTE Employees	FTE Employees
Columbia Memorial Hospital	1,109	-	-	1,109	-	1,109	1,199	
BAC Sales	2	18	18	2	-	2	47	
2990 Realty Corporation	-	18	18	-	-	-	17	
American Bio Medical	-	10	10	-	-	-	56	
Valatie Land Development	32	36	36	32	-	32	26	
Premier Riverfront LLC	-	-	-	-	-	-	24	

See accompanying notes and independent auditors' report.