

**VILLAGE OF GREEN ISLAND
INDUSTRIAL DEVELOPMENT AGENCY
FINANCIAL STATEMENTS - STATUTORY BASIS
and
INDEPENDENT AUDITOR'S REPORT**

December 31, 2009

**VILLAGE OF GREEN ISLAND
INDUSTRIAL DEVELOPMENT AGENCY**

**FINANCIAL STATEMENTS - STATUTORY BASIS
and
INDEPENDENT AUDITOR'S REPORT**

December 31, 2009

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of net assets - statutory basis of the Village of Green Island Industrial Development Agency (a New York public benefit corporation), as of December 31, 2009, and the related statements of revenues, expenses, and changes in net assets - statutory basis, and cash flows - statutory basis for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As more fully described in Note 1b to the financial statements - statutory basis, the Village of Green Island Industrial Development Agency prepared these financial statements using statutory accounting practices prescribed by the New York State Office of the State Comptroller, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the statutory basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, the financial statements - statutory basis referred to above present fairly, in all material respects, the financial position of the Village of Green Island Industrial Development Agency as of December 31, 2009, and the results of its operations and its cash flows for the year then ended, on the basis of accounting described in Note 1b.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2010, on our consideration of the Village of Green Island Industrial Development Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements - statutory basis taken as a whole. The supplemental information presented on page 8 is for purposes of additional analysis and is not a required part of the basic financial statements - statutory basis. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements - statutory basis and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements - statutory basis taken as a whole, on the basis of accounting described in Note 1b.

Bollam Sheedy Torani & Co. LLP

Albany, New York
February 18, 2010

VILLAGE OF GREEN ISLAND INDUSTRIAL DEVELOPMENT AGENCY

STATEMENT OF NET ASSETS - STATUTORY BASIS

	December 31, 2009
ASSETS	
CURRENT ASSETS	
Cash	\$ 756,649
Due from other governments, net	49,588
	<u>806,237</u>
CAPITAL ASSETS	
Land	<u>812,210</u>
	<u>\$ 1,618,447</u>
NET ASSETS	
NET ASSETS	
Unrestricted	<u>\$ 1,618,447</u>

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

VILLAGE OF GREEN ISLAND INDUSTRIAL DEVELOPMENT AGENCY

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS - STATUTORY BASIS

	Year Ended December 31, 2009
OPERATING INCOME	<u>\$ 20,000</u>
OPERATING EXPENSES	
Salary and benefits	126,095
Insurance	1,000
Professional fees	8,014
Utilities	13,057
Other	<u>2,746</u>
	<u>150,912</u>
Operating loss	(130,912)
OTHER INCOME	
Interest income	<u>3,588</u>
Change in net assets	(127,324)
NET ASSETS, <i>beginning of year</i>	<u>1,745,771</u>
NET ASSETS, <i>end of year</i>	<u>\$1,618,447</u>

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

VILLAGE OF GREEN ISLAND INDUSTRIAL DEVELOPMENT AGENCY

STATEMENT OF CASH FLOWS - STATUTORY BASIS

	Year Ended December 31, 2009
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	
Receipts from customers	\$ 20,000
Payments to vendors	(24,817)
Payments for personal services and benefits	(126,095)
	<u>(130,912)</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES	
Interest income	<u>3,588</u>
CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	
Payments from other governments, net	<u>47,422</u>
CASH FLOWS PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	
Purchase of land	<u>(76,687)</u>
Net decrease in cash	(156,589)
CASH, beginning of year	<u>913,238</u>
CASH, end of year	<u><u>\$ 756,649</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating loss	<u><u>\$ (130,912)</u></u>

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

VILLAGE OF GREEN ISLAND INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS December 31, 2009

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

a. Organization and Purpose

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

The Agency's function is to authorize the issuance of industrial revenue bonds for industrial development projects and to assist business in acquiring or constructing various facilities in order to provide job opportunities and increase economic welfare. In return for its efforts, the Agency receives application and closing fees related to this business financing.

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements - statutory basis follows.

b. Basis of Accounting and Financial Statement Presentation

Management has elected to prepare its financial statements on the statutory basis required by the New York State Office of the State Comptroller for Annual Reports to that office. This statutory basis varies from accounting principles generally accepted in the United States of America primarily because it does not reflect the adoption of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In preparing financial statements on the statutory basis, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

c. Fair Value Measurement

The Agency reports certain assets and liabilities at fair value. Fair value is defined as an exchange price that would be received for an asset or paid to transfer a liability (an "exit" price) in the principal or most advantageous market for the asset or liability between market participants on the measurement date.

d. Income Taxes

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

e. Industrial Revenue Bond and Straight Lease Transactions

Certain industrial development revenue bonds and straight leases issued by the Agency are secured by property which is leased to companies and is retired by these payments. The bonds and straight leases are *not* obligations of the Agency or New York State. The Agency does not record the assets or liabilities resulting from completed bonds and straight leases issued in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond and lease holders, and funds arising there from are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives administrative fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and leases.

VILLAGE OF GREEN ISLAND INDUSTRIAL DEVELOPMENT AGENCY

**NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS
December 31, 2009**

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

e. Industrial Revenue Bond and Straight Lease Transactions - Continued

Industrial revenue bonds issued by the Agency and outstanding at December 31, 2009, was \$14,507,031.

f. Cash Deposits and Investments

The Agency's investment policies are governed by New York State statutes. In addition, the Agency has its own written investment policy. Agency monies must be deposited at FDIC-insured commercial banks or trust companies located within the State. The Agency is authorized to use demand accounts, money market accounts, and certificates of deposit. Permissible investments include obligations of the U. S. Treasury and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State, its municipalities, and school districts. The Agency's deposits were fully insured or collateralized at December 31, 2009.

g. Subsequent Events

In preparing the financial statements - statutory basis and notes thereto, the Agency considered subsequent events through February 18, 2010, the date the financial statements were issued.

NOTE 2 - CAPITAL ASSETS

Capital assets are valued at cost where historical records are available and at estimated historical cost where no historical costs exist. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized.

At December 31, 2009, the Agency's capital assets consist of approximately 55 acres of land, which are available for sale and development.

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

NOTE 3 - DUE FROM/TO OTHER GOVERNMENTS

As of December 31, 2009, the Agency was due \$63,282 from the Village related to various cash advances for working capital purposes, and the Agency was indebted to the Village for \$13,694 for accrued sick and vacation time. These balances have been shown net in these financial statements - statutory basis.

VILLAGE OF GREEN ISLAND INDUSTRIAL DEVELOPMENT AGENCY

**NOTES TO FINANCIAL STATEMENTS - STATUTORY BASIS
December 31, 2009**

NOTE 4 - COMMITMENTS AND CONTINGENCIES

a. Consulting Agreement

The Agency entered into an agreement with the Green Island Power Authority to provide economic development consulting services under a fee for services contract for \$20,000 per year. These fees are payable in annual installments and are included in operating income. The agreement originally expired on June 1, 2005; however, by mutual agreement, the parties have extended the agreement for an indefinite period.

b. Environmental Risks

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

VILLAGE OF GREEN ISLAND INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF INDEBTEDNESS - STATUTORY BASIS

Project Description	Year Ended December 31, 2009						Final Maturity Date
	Original Issue Date	Current Interest Rate	Outstanding January 1, 2009	Issued During 2009	Principal Payments 2009	Outstanding December 31, 2009	
Rivers Edge Apartment Project	11/01	7.2%	<u>\$ 14,603,539</u>	<u>\$ -</u>	<u>\$ 96,508</u>	<u>\$ 14,507,031</u>	11/1/2043

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Chairman and Members
Village of Green Island Industrial Development Agency
Green Island, New York

We have audited the financial statements - statutory basis of the Village of Green Island Industrial Development Agency as of and for the year ended December 31, 2009, and have issued our report thereon dated February 18, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements - statutory basis, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A deficiency in internal controls exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance

As part of obtaining reasonable assurance about whether the Agency's financial statements - statutory basis 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*.

This report is intended solely for the information and use of members and management of the Agency and the New York State Office of the State Comptroller and is not intended to be and should not be used by anyone other than these specified parties.

Bollam Sheedy Torani & Co. LLP

Albany, New York
February 18, 2010