

**VILLAGE OF GREEN ISLAND
INDUSTRIAL DEVELOPMENT AGENCY**

**FINANCIAL STATEMENTS
and
INDEPENDENT AUDITOR'S REPORT**

December 31, 2011

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INDUSTRIAL DEVELOPMENT AGENCY**

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C O N T E N T S

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Net Assets	2
Statement of Revenues, Expenses, and Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5-7
SUPPLEMENTAL INFORMATION	
Schedule of Indebtedness	8
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	9

BOLLAM, SHEEDY, TORANI & CO. LLP
Certified Public Accountants
Albany, New York

INDEPENDENT AUDITOR'S REPORT

Chair 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 of the Village of Green Island Industrial Development Agency (a New York public benefit corporation), as of December 31, 2011, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Village of Green Island Industrial Development Agency as of December 31, 2011, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2012, 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 grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Our audit was conducted for the purpose of forming an opinion on the financial statements 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Bollam Sheedy Torani & Co. LLP

Albany, New York
March 8, 2012

VILLAGE OF GREEN ISLAND INDUSTRIAL DEVELOPMENT AGENCY

STATEMENT OF NET ASSETS

	<u>December 31, 2011</u>
ASSETS	
CURRENT ASSETS	
Cash	\$ 504,872
Due from other governments, net	<u>58,741</u>
	563,613
CAPITAL ASSETS	
Land	<u>812,210</u>
	<u><u>\$ 1,375,823</u></u>
NET ASSETS	
NET ASSETS	
Unrestricted	<u><u>\$ 1,375,823</u></u>

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

VILLAGE OF GREEN ISLAND INDUSTRIAL DEVELOPMENT AGENCY

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS

	Year Ended December 31, 2011
OPERATING REVENUE	<u>\$ 10,000</u>
OPERATING EXPENSES	
Salary and benefits	109,550
Insurance	487
Professional fees	13,400
Utilities	10,739
Other	<u>2,353</u>
	<u>136,529</u>
Operating loss	(126,529)
OTHER INCOME	
Interest income	<u>1,085</u>
Change in net assets	(125,444)
NET ASSETS, <i>beginning of year</i>	<u>1,501,267</u>
NET ASSETS, <i>end of year</i>	<u><u>\$ 1,375,823</u></u>

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

VILLAGE OF GREEN ISLAND INDUSTRIAL DEVELOPMENT AGENCY

STATEMENT OF CASH FLOWS

	<u>Year Ended December 31, 2011</u>
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	
Receipts from customers	\$ 10,000
Payments to vendors	(26,979)
Payments for personal services and benefits	(109,550)
	<u>(126,529)</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES	
Interest income	<u>1,085</u>
CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	
Payments from other governments, net	<u>(10,555)</u>
Net decrease in cash	(135,999)
CASH, beginning of year	<u>640,871</u>
CASH, end of year	<u><u>\$ 504,872</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating loss	<u><u>\$ (126,529)</u></u>

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

VILLAGE OF GREEN ISLAND INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT 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 follows.

b. Basis of Accounting and Financial Statement Presentation

The Agency's financial statements are prepared using the accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and financial reporting treatment applied to the Agency is determined by its measurement focus. The transactions of the Agency are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the statement of net assets.

c. Use of Estimates

In preparing financial statements, 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.

d. Fair Value Measurement

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.

e. Tax Status

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

f. 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.

Industrial revenue bonds issued by the Agency and outstanding at December 31, 2011, were \$14,291,932.

VILLAGE OF GREEN ISLAND INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

g. Cash Deposits and Investments

The Agency's investment policies are governed by New York State statutes. 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, 2011.

h. Revenue Recognition

Revenues are recognized when earned and expenses are recognized when incurred. The Agency distinguishes operating revenues and expenses from nonoperating items. Operating revenues are determined based on the services provided by the Agency. Operating expenses include the costs associated with providing those services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

i. Subsequent Events

The Agency has evaluated subsequent events that provide additional evidence about conditions that existed at the financial statement date through March 8, 2012, the date the financial statements were available to be 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, 2011, 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, NET

As of December 31, 2011, the Agency was due \$80,163 from the Village related to various cash advances for working capital purposes and \$10,000 from the Green Island Power Authority for 2011 economic development consulting services. The Agency was indebted to the Village for \$31,422 for accrued salaries, benefits, sick, and vacation time. These balances have been reported net in these financial statements.

VILLAGE OF GREEN ISLAND INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 4 - COMMITMENTS AND CONTINGENCIES

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.

NOTE 5 - ACCOUNTING STANDARD ISSUED BUT NOT YET EFFECTIVE

a. GASB 62

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*. This statement incorporates into the GASB's authoritative literature certain accounting and financial reporting pronouncements issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

This statement also supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that statement for enterprise funds and business-type activities to apply post-November 30, 1989, FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989, FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this statement.

GASB Statement No. 62 is effective for financial statements for periods beginning after December 15, 2011

b. GASB 63

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The objective of this statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. This statement is effective for all state and local governments for periods beginning after December 15, 2011.

c. GASB 64

In June 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. The objective of this statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. This statement is effective for periods beginning after June 15, 2011, with earlier application encouraged.

Management has not estimated the extent of potential impact of these standards on the Agency's financial statements.

VILLAGE OF GREEN ISLAND INDUSTRIAL DEVELOPMENT AGENCY

SUPPLEMENTAL INFORMATION - SCHEDULE OF INDEBTEDNESS

Year Ended December 31, 2011

Project Description	Original Issue Date	Current Interest Rate	Outstanding January 1, 2011	Issued During 2011	Principal Payments 2011	Outstanding December 31, 2011	Final Maturity Date
Rivers Edge Apartment Project	11/01	7.2%	<u>\$ 14,403,340</u>	<u>\$ -</u>	<u>\$ 111,408</u>	<u>\$ 14,291,932</u>	11/1/2043

**INDEPENDENT AUDITOR'S 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***

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

We have audited the financial statements of the Village of Green Island Industrial Development Agency (Agency) as of and for the year ended December 31, 2011, and have issued our report thereon dated March 8, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Agency is responsible for establishing and maintaining effective 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, 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 and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

This report is intended solely for the information and use of members and management of the Agency, the New York State Office of the State Comptroller, and the New York State Authority Budget Office 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
March 8, 2012