

ULSTER COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY  
(a component unit of Ulster County, New York)

FINANCIAL STATEMENTS  
(and Reports of Independent Auditors)

December 31, 2015 and 2014

ULSTER COUNTY  
INDUSTRIAL DEVELOPMENT AGENCY  
(a component unit of Ulster County, New York)  
FINANCIAL STATEMENTS

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### *Independent Auditors' Report*

To the Board of Directors of  
Ulster County Industrial Development Agency

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Ulster County Industrial Development Agency (a component unit of Ulster County, New York), (the "Agency") as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise Ulster County Industrial Development Agency's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Ulster 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 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 opinions.

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## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Ulster County Industrial Development Agency as of December 31, 2015 and 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 sufficient evidence 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 Ulster County Industrial Development Agency's basic financial statements. The Schedule of Revenues and Expenditures – Budget and Actual, Schedule of Conduit Debt Obligations, Schedule of Projects and Exemptions and the Schedule of PILOTS 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 and Actual, Schedule of Conduit Debt Obligations, Schedule of Projects and Exemptions and the 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 and Actual, Schedule of Conduit Debt Obligations, Schedule of Projects and Exemptions and the Schedule of PILOTS are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Full Time Equivalent Jobs 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 24, 2016 on our consideration of Ulster County 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 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 Ulster County Industrial Development Agency's internal control over financial reporting and compliance.

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

Valatie, New York  
March 24, 2016

**ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**(a component unit of Ulster County, New York)**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

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**Introduction**

Our discussion and analysis of Ulster County Industrial Development Agency's (the "Agency") financial performance provides an overview of the Agency's financial activities for the fiscal year ended December 31, 2015. Please read it in conjunction with the Agency's financial statements that follow this discussion and analysis. Ulster County Industrial Development Agency is a New York State public authority and industrial development agency operating in the County of Ulster, New York. This summary discussion and analysis includes only the financial and general business of the Agency.

**Financial Highlights**

The Agency's net position increased by \$31,302 (or 7.9%) as a result of operations in 2015 and decreased by \$225,782 (or 36.4%) as a result of operations in 2014.

In 2015, revenues increased \$37,310 compared to 2014, or 62.8%.

In 2014, revenues decreased \$436,667 compared to 2013, or 88%.

In 2015, expenses decreased \$219,774 compared to 2014, or 77.1%.

In 2014, expenses increased \$89,313 compared to 2013, or 45.6%.

**Agency Highlights**

The Agency closed on one new project, the construction of a hotel, during the year ended December 31, 2015. This project generated \$95,631 in administrative fees. The County of Ulster is currently benefitting from the increase of 8 construction jobs during the build of the hotel and is expected to create 27 new jobs when the hotel begins operations.

**Using This Annual Report**

This Annual Report consists primarily of the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position and the Statements of Cash Flows, which provide information about the activities of the Agency only.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The statements report the Agency's net position and changes in net position. One way to measure the Agency's financial position is to look at the net position - the difference between assets and liabilities.

See independent auditors' report.

**ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**(a component unit of Ulster County, New York)**  
**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

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**Condensed Comparative Financial Statements and Analysis**

The Agency's net position at the end of 2015 and 2014 was \$426,476 and \$395,174, respectively, an increase of \$31,302 over \$395,174 in 2014 and a decrease of \$225,782 from \$620,956 in 2013.

Our analysis below focuses on net position (Table 1) and the changes in net position (Table 2).

**Table 1 – Net Position**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current Assets	<u>\$ 437,541</u>	<u>\$ 529,102</u>	<u>\$ 652,773</u>
Current Liabilities	<u>\$ 11,065</u>	<u>\$ 133,928</u>	<u>\$ 31,817</u>
Net Position- Unrestricted	<u>\$ 426,476</u>	<u>\$ 395,174</u>	<u>\$ 620,956</u>

**Current Assets:**

Cash totals at the end of 2015 were \$437,541 versus \$529,102 and \$652,773, respectively, at the end of 2014 and 2013. The decrease in cash was a direct result of a significant decrease in current liabilities from 2014 and an increase in expenditures for Contracts for Services in 2014.

**Current Liabilities:**

Outstanding payables were for services performed in the current fiscal year and paid for in the subsequent fiscal year.

**Table 2 – Changes in Net Position**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues:			
Administrative fees	\$ 95,631	\$ 55,500	\$ 492,897
Application fees	500	3,000	2,500
Interest income	554	604	645
Miscellaneous income	-	271	-
Total Revenues	<u>96,685</u>	<u>59,375</u>	<u>496,042</u>
Expenses			
Operating expenses	<u>65,383</u>	<u>285,157</u>	<u>195,844</u>
Total Expenses	<u>65,383</u>	<u>285,157</u>	<u>195,844</u>
Change in Net Position	<u>\$ 31,302</u>	<u>\$ (225,782)</u>	<u>\$ 300,198</u>

See independent auditors' report.

**ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY**  
**(a component unit of Ulster County, New York)**  
**MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)**

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The Agency's revenues in 2015, 2014, and 2013 were \$96,685, \$59,375, and \$496,042, respectively. Expenses in 2015, 2014, and 2013 were \$65,383, \$285,157, and \$195,844, respectively. The revenue increase in 2015 over 2014 was due to additional administration fees received. The revenue decrease in 2014 over 2013 was caused by multiple projects closing in 2013 that did not recur in 2014. The expenses decreased in 2015 and increased in 2014 predominantly due to contract for services expenditures.

**Capital Assets and Long-Term Debt**

There were no capital asset additions in 2015 and 2014 and the Agency did not take on any long-term debt in 2015 and 2014.

**Budget**

In October 2014, the Agency adopted a 2015 budget projecting revenues to be \$172,600 and expenses to be \$262,200. Actual 2015 revenues totaled \$96,685 and actual 2015 expenses totaled \$65,383. Much of the decrease in actual revenues over budget was the result of a less than expected number of projects closing in 2015. Actual expenses were under budget as not all of the budgeted projects were started.

In October 2013, the Agency adopted a 2014 budget projecting revenues to be \$172,600 and expenses to be \$289,700. Actual 2014 revenues totaled \$59,375 and actual 2014 expenses totaled \$285,157. Much of the decrease in actual revenues over budget was the result of a less than expected number of projects closing in 2013.

**Contacting UCIDA Financial Administrator**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Ulster County Industrial Development Agency, P.O. Box 4265, Kingston, New York 12402-4265.

See independent auditors' report.

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

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ASSETS

	2015	2014
Current assets:		
Cash and cash equivalents:	\$ 437,541	\$ 529,102
Total assets	\$ 437,541	\$ 529,102

LIABILITIES AND NET POSITION

Current liabilities:		
Accounts payable	\$ -	\$ 123,000
Due to Ulster County	10,000	10,000
Due to UCEDA	1,065	928
Total liabilities	11,065	133,928
Net position - unrestricted	426,476	395,174
Total liabilities and net position	\$ 437,541	\$ 529,102

See accompanying notes and independent auditors' report.

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

	2015	2014
Operating revenues:		
Administrative fees	\$ 95,631	\$ 55,500
Application fees	500	3,000
Miscellaneous	-	271
Total operating revenues	96,131	58,771
Operating expenses:		
Contractual expenses	-	213,000
Grant to UCCRC	-	5,000
Administrative	43,821	44,068
Professional	13,291	15,561
Marketing	5,000	5,000
Insurance	2,099	2,099
Miscellaneous	1,172	429
Total operating expenses	65,383	285,157
Operating income (loss)	30,748	(226,386)
Other revenues:		
Interest income	554	604
Total other revenues	554	604
Changes in net position	31,302	(225,782)
Net position, beginning	395,174	620,956
Net position, ending	\$ 426,476	\$ 395,174

See accompanying notes and independent auditors' report.

ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
(a component unit of Ulster County, New York)  
STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2015 and 2014

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	2015	2014
Cash flows from operating activities:		
Administrative fees	\$ 95,631	\$ 55,500
Application fees	500	3,000
Miscellaneous revenue	-	271
Payments for contracts and services	(123,000)	(115,000)
Payment for grant to UCCRC	-	(5,000)
Payments for administrative expenses	(43,684)	(39,957)
Payments for professional fees	(13,291)	(15,561)
Payments for membership dues	(5,000)	(5,000)
Payments for miscellaneous expenses	(3,271)	(2,528)
Net cash used for operating activities	(92,115)	(124,275)
Cash flows from investing activities:		
Interest received	554	604
Net cash provided by investing activities	554	604
Net decrease in cash and cash equivalents	(91,561)	(123,671)
Cash and cash equivalents, beginning of year	529,102	652,773
Cash and cash equivalents, end of year	\$ 437,541	\$ 529,102
Reconciliation of operating income (loss) to net cash used for operating activities:		
Operating income (loss)	\$ 30,748	\$ (226,386)
Changes in operating assets and liabilities		
Increase in due to Ulster County	-	5,000
Increase (decrease) in due to UCEDA	137	(889)
(Decrease) Increase in accounts payable	(123,000)	98,000
Net cash used for operating activities	\$ (92,115)	\$ (124,275)

See accompanying notes and independent auditors' report.

ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
(a component unit of Ulster County, New York)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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**1. Nature of Organization:**

The Ulster County Industrial Development Agency, a component unit of Ulster County, New York, (the "Agency"), a public benefit corporation, was established by New York State legislation and commenced operations in 1978.

The Agency's present function is to promote, develop and encourage reconstructing, improving and maintaining manufacturing, warehousing, research, and commercial facilities to promote job opportunities and economic welfare for the people of New York State. This is done through administering PILOTs, and bond agreements.

The Agency also has the power to acquire, construct, reconstruct, lease, sell, improve, maintain, equip, or furnish certain properties and facilities.

The members of the Agency are appointed by the County of Ulster's legislature. Agency members have complete responsibility for management of the Agency and accountability for fiscal matters.

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

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 calculation is performed by the Agency and sent to the municipalities. 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 "Administrative and Application Fees." The Agency also administers bonds for several projects and receives an administrative fee upon issuance of the bond.

See independent auditors' report.

ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
(a component unit of Ulster County, New York)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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**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 including GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements". The government-wide financial statements include the Agency's only governmental fund (single enterprise fund).

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 Chief Financial Officer submits a tentative budget to the Finance Committee and the Finance Committee recommends the budget to the Board of Directors for final approval for the next fiscal year which begins the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing.

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.

See independent auditors' report.

ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
(a component unit of Ulster County, New York)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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**2. Summary of Significant Accounting Principles (Continued):**

Revenue Recognition:

The Agency recognizes revenue annually in the period services are performed. Revenue is recognized for administrative services performed related to bond issuances in the period the services are performed generally when the related bond issuances are finalized.

PILOT receipts and PILOT payments related to the property not owned by the Agency to the respective taxing authorities are accounted for as pass through transactions and are not included in the revenues or expenses of the Agency. The Agency has the responsibility for administering the program but the jurisdictions ultimately bear the risk of loss if PILOT payments are not paid by the respective companies. Participants in the PILOT program are instructed to pay the taxing authorities directly.

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 24, 2016, 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, 2015 and 2014, cash, which consists of one checking account, one money market account, and two certificates of deposits, were covered by federal depository insurance up to \$250,000. The following is a summary of cash and cash equivalents as included in the statements of net position at December 31, 2015 and 2014:

	2015		2014	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Checking and Savings Account	\$ 212,178	\$ 212,178	\$ 304,077	\$ 304,077
Certificates of Deposit	225,363	225,363	225,025	225,025
Total Catskill Hudson Bank	\$ 437,541	437,541	\$ 529,102	529,102
FDIC Coverage		250,000		250,000
Pledged Collateral		191,687		292,098
In Excess		\$ (4,146)		\$ (12,996)

The Agency's investment policies are governed by New York State statutes. The Agency's funds must be deposited in FDIC insured commercial banks or trust companies located within New York State. The Agency is authorized to use demand accounts and certificates of deposit.

See independent auditors' report.

ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
(a component unit of Ulster County, New York)  
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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**3. Credit Risk (Continued):**

Collateral is required for demand deposits and certificates of deposit for all deposits 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 New York State and its municipalities and school districts.

**4. Conduit Debt Obligations:**

From time to time, the Ulster County Industrial Development Agency issues Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the interest of the public. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County of Ulster Industrial Development 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, outstanding bonds totaled \$75,621,410 and \$77,641,398, respectively. During the year ended December 31, 2014, \$14,620,000 of bonds were refinanced with the Ulster County Capital Resource Corporation.

**5. Related Party Transactions:**

For the years ended December 31, 2015 and 2014, the Agency paid Ulster County administration fees totaling \$40,000. As of December 31, 2015 and 2014, the amount due to Ulster County related to the administration fee was \$10,000.

As of December 31, 2015 and 2014, the Agency owes the Ulster County Economic Development Alliance ("UCEDA") an amount of \$1,065 and \$928, respectively, for reimbursement of a copier lease. During the years ended December 31, 2015 and 2014, the Agency also paid UCEDA \$5,000 related to membership dues paid by UCEDA on UCIDA's behalf.

For the year ended December 31, 2014, the Agency granted the Ulster County Capital Resource Corporation \$5,000 for operating purposes.

**6. Commitments:**

The Agency has committed \$50,000 to the Shovel Ready Fund administered by Ulster County Economic Development Alliance. In return for administering this fund, the Agency is also obligated to pay a 1% administrative fee. These funds are available to Ulster County municipalities to conduct industrial area feasibility studies. To date, \$28,750 of grants have been provided.

See independent auditors' report.



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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 Board of Directors of  
Ulster County Industrial Development Agency  
a Component Unit of Ulster County, New York

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 Ulster 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 Ulster County Industrial Development Agency's basic financial statements, and have issued our report thereon dated March 24, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ulster 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ulster County Industrial Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Ulster 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 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. 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.

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.

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### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Ulster County Industrial Development Agency's financial statements are free from 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, Hawes & Bucci, CPAs, P.C.*

Valatie, New York  
March 24, 2016

SUPPLEMENTARY INFORMATION

ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
(a component unit of Ulster County, 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:			
Administrative fees	\$ 170,000	\$ 95,631	\$ (74,369)
Application fees	2,000	500	(1,500)
Investment earnings	600	554	(46)
Total revenue	<u>172,600</u>	<u>96,685</u>	<u>(75,915)</u>
Expenditures:			
Administrative	44,700	43,821	879
Contractual expenses	100,000	-	100,000
Marketing	-	5,000	(5,000)
Professional	29,000	13,291	15,709
Insurance	3,000	2,099	901
Miscellaneous	1,500	1,172	328
Shovel Ready feasibility studies	30,000	-	30,000
Ready to Go Program	50,000	-	50,000
UTEP expense	2,000	-	2,000
Seminars and conferences	2,000	-	2,000
Total expenditures	<u>262,200</u>	<u>65,383</u>	<u>196,817</u>
Total revenues in excess of expenditures (expenditures in excess of revenues)	<u>\$ (89,600)</u>	<u>\$ 31,302</u>	<u>\$ 120,902</u>

See accompanying notes and independent auditors' report.

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

<u>Bonds Listing</u>	Outstanding Beginning of Fiscal Year	Issued During Fiscal Year	Paid During Fiscal Year	Outstanding End of Fiscal Year	Final Maturity Date
Amthor	\$ 1,122,519	\$ -	\$ 60,060	\$ 1,062,459	2029
Benedictine	210,000	-	100,000	110,000	2021
Benedictine	3,085,000	-	270,000	2,815,000	2021
Gardiner Library	571,755	-	34,417	537,338	2016
Partition Street	8,187,124	-	346,511	7,840,613	2022
Selux	605,000	-	80,000	525,000	2024
Selux	365,000	-	30,000	335,000	2024
Viking Industries	1,415,000	-	149,000	1,266,000	2026
Woodland Pond	62,080,000	-	950,000	61,130,000	2042
	<u>\$ 77,641,398</u>	<u>\$ -</u>	<u>\$ 2,019,988</u>	<u>\$ 75,621,410</u>	

See accompanying notes and independent auditors' report.

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

Project Code	Project Owner	Real Property Tax Exemptions County	Real Property Tax Exemptions Local	Real Property Tax Exemptions School	Sales Tax	Mortgage Recording	Total Exemptions
5101-07-01	346 Washington Avenue 325 Albany Avenue Kingston, NY 12401	\$ 2,759	\$ 11,029	\$ 19,157	\$ -	\$ -	\$ 32,945
5101-11-02	Central Hudson Tomson Rd & NYS Rt 212 Saugerties, NY 12477	32,521	43,980	148,961	-	-	225,462
5101-04-02	Frito Lay 4 South Purr Corners Road New Paltz, NY 12561	2,513	4,267	11,603	-	-	18,383
5101-13-02	Golden Hill Acquisition, LLC 99 Golden Hill Drive Kingston, NY 12401	22,386	89,463	155,396	71,940	-	339,185
5101-98-02	Hudson River Valley LLC 24 Lohmaier Lane Lake Katrine, NY 12449	57,530	88,298	375,824	-	-	521,652
5101-04-04	Hudson Valley Domicile, LLC 230 Milton Turnpike Milton, NY 12547	2,884	5,116	18,149	-	-	26,149
5101-09-001	Jimlee Realty 203 Malden Turnpike Saugerties, NY 12477	5,842	7,901	26,319	-	-	40,062
5101-06-03	Kingston Hospitality 1307 Ulster Avenue Kingston, NY 12401	11,157	17,123	72,882	-	-	101,162

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

Project Code	Project Owner	Real Property Tax Exemptions County	Real Property Tax Exemptions Local	Real Property Tax Exemptions School	Sales Tax	Mortgage Recording	Total Exemptions
5101-03-02	Lasalle Benedictine Medical Office New Paltz, NY 12561	4,699	18,778	32,618	-	-	56,095
5101-98-03	Lasalle New Paltz Medical Office New Paltz, NY 12561	20,947	35,563	96,697	-	-	153,207
5101-04-08	Lloyd Park 1 550 Route 299, Suite 100 Highland, NY 12528	1,604	1,642	8,032	-	-	11,278
5101-05-07	Lloyd Park 2 550 Route 299, Suite 100 Highland, NY 12528	1,383	1,414	6,921	-	-	9,718
5101-13-01	MHMG-KM Kingston, LLC 1561 Ulster Avenue Lake Katrine, NY 12449	20,835	31,980	136,113	-	-	188,928
5101-11-01	MHVFCU - Port Ewen 185 Broadway Port Ewen, NY 12466	2,736	2,034	17,645	-	-	22,415
5101-02-02	Mid-Hudson Valley FCU - Kingston 1099 Morton Avenue Kingston, NY 12401	2,030	8,112	14,091	-	-	24,233
5101-05-01	Mid-Hudson Valley FCU - Lloyd 1099 Morton Blvd Kingston, NY 12401	1,412	1,445	7,073	-	-	9,930

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

Project Code	Project Owner	Real Property Tax Exemptions County	Real Property Tax Exemptions Local	Real Property Tax Exemptions School	Sales Tax	Mortgage Recording	Total Exemptions
5101-04-06	Mid-Hudson Valley FCU - Saugerties 1099 Morton Blvd Kingston, NY 12401	1,627	2,200	7,329	-	-	11,156
5101-10-01	PSH Development 2976 Route 9W Saugerties, NY 12477	3,806	5,147	17,145	-	-	26,098
5101-10-002	Partition Street Partition Street and Docks Saugerties, NY 12477	16,960	38,699	76,402	-	-	132,061
5101-09-002	Rocking Horse Ranch 600 Route 44/55 Plattekill, NY 12568	1,986	1,727	9,874	-	-	13,587
5101-05-02	Simulaids 16 Simulaids Drive Saugerties, NY 12477	6,099	8,249	27,478	-	-	41,826
5101-03-01	Smiley Brothers 1 1000 Mountain Rest Road New Paltz, NY 12561	-	-	18,954	-	-	18,954
5101-06-02	Spotted Dog Ventures 5340 Route 28 Mount Tremper, NY 12457	15,173	17,520	40,489	-	-	73,182

See accompanying notes and independent auditors' report.

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

Project Code	Project Owner	Real Property Tax Exemptions County	Real Property Tax Exemptions Local	Real Property Tax Exemptions School	Sales Tax	Mortgage Recording	Total Exemptions
5101-12-02	Stavo Industries, Inc. 132 Flatbush Avenue Kingston, NY 12401	1,417	5,663	9,838	2,786	-	19,704
5101-05-04	TLB Management 80 Bookle Hole Road Accord, NY 12404	1,599	912	6,477	-	-	8,988
5101-98-07	Viking Industries 99 South Ohioville Road P.O. Box 249 New Paltz, NY 12561	2,315	3,931	10,687	-	-	16,933
5101-12-01	Wolf-tec, Inc. 132 Flatbush Avenue Kingston, NY 12401	4,818	19,255	33,445	26,034	-	83,552
5101-07-02	Woodland Ponds 60 Park Lane, Suite 5 Highland, NY 12528	106,523	233,889	491,746	-	-	832,158
		<u>\$ 355,561</u>	<u>\$ 705,337</u>	<u>\$ 1,897,345</u>	<u>\$ 100,760</u>	<u>\$ -</u>	<u>\$ 3,059,003</u>

See accompanying notes and independent auditors' report.

ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULE OF PILOTS  
Year ended December 31, 2015

Project Code	County PILOT	Local PILOT	School PILOT	Total PILOTS
5101-07-01	\$ 8,330	\$ 33,287	\$ 57,819	\$ 99,436
5101-11-02	44,013	59,523	195,823	299,359
5101-04-02	2,514	4,268	11,604	18,386
5101-13-02	10,723	42,849	74,428	128,000
5101-98-02	63,655	97,700	415,840	577,195
5101-04-04	4,335	7,690	27,273	39,298
5101-09-001	3,490	4,720	15,722	23,932
5101-06-03	15,094	23,167	98,605	136,866
5101-03-02	4,338	17,334	30,109	51,781
5101-98-03	-	9,263	-	9,263
5101-04-08	2,076	2,124	10,395	14,595
5101-05-07	1,777	1,819	8,900	12,496
5101-13-01	31,666	48,601	206,862	287,129
5101-11-01	1,938	1,441	10,786	14,165
5101-02-02	3,607	14,416	25,040	43,063
5101-05-01	2,549	2,608	12,762	17,919
5101-04-06	2,410	3,260	10,859	16,529
5101-10-01	2,749	3,717	12,383	18,849
5101-10-002	2,094	4,779	9,435	16,308
5101-09-002	662	575	3,292	4,529
5101-05-02	7,059	9,546	31,799	48,404
5101-03-01	9,635	5,496	20,070	35,201
5101-06-02	21,915	25,307	58,485	105,707
5101-12-02	5,646	22,563	39,191	67,400
5101-05-04	1,877	1,071	7,601	10,549
5101-98-07	11,800	20,033	54,472	86,305
5101-12-01	6,660	26,613	46,227	79,500
5101-07-02	50,296	132,517	232,186	414,999
Total	<u>\$ 322,908</u>	<u>\$ 626,287</u>	<u>\$ 1,727,968</u>	<u>\$ 2,677,163</u>

See accompanying notes and independent auditors' report.

ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULE OF FULL TIME EQUIVALENT JOBS  
Year ended December 31, 2015

Project Code	# of FTE Employees at Project Location Before IDA Status	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained	# of Current FTE Employees	# of FTE Construction Jobs Created During Fiscal Year
5101-07-01	4	9	4	71	-
5101-09-003	29	10	29	34	-
5101-06-04	756	-	756	550	-
5101-11-02	6	-	6	-	-
5101-04-02	-	63	-	85	-
5101-07-03	2	3	2	3	-
5101-13-02	279	11	279	441	14
5101-98-02	-	383	-	357	-
5101-04-04	-	16.5	-	4	-
5101-09-001	38	31	38	63	-
5101-06-03	-	30	-	30	3
5101-03-02	-	57	-	55	-
5101-98-03	28	46	28	124	-
5101-04-08	-	20	-	41	-
5101-05-07	-	66	-	59	-
5101-13-01	88	-	88	130	-
5101-11-01	-	7	-	6	-
5101-02-02	-	7	-	10	-
5101-05-01	-	8	-	8	-
5101-04-06	8.5	1.5	8.5	10	-
5101-10-01	-	11	-	14	-
5101-10-002	-	40	-	65	-
5101-09-002	225	24	225	235	-
5101-01-04	32	-	122	201	-
5101-05-02	90.5	22.5	90.5	127	-
5101-03-01	418	52.25	418	584	-
5101-06-02	123	43	123	106	-
5101-12-02	51	8	51	68	-
5101-05-04	-	35	-	2	-
5101-98-07	62	10	62	73	-
5101-12-01	74	31	74	94	6
5101-07-02	3	112	3	173	-

See accompanying notes and independent auditors' report.