

PUTNAM COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE COUNTY OF PUTNAM)

FINANCIAL STATEMENTS

For the Years Ended December 31, 2007 and 2006

**PUTNAM COUNTY INDUSTRIAL DEVELOPMENT AGENCY
FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Putnam County Industrial Development Agency
34 Gleneida Avenue
Carmel, New York

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Putnam County Industrial Developmental Agency of the State of New York, as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Putnam County Industrial Development Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Putnam County Industrial Developmental Agency's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my 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. 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 disclosures 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. I believe that my audit provides a reasonable basis for my opinions.

As discussed in note 10, the financial statements of the Putnam County Industrial Development Agency, are intended to present the financial position, and the changes in financial position and, where applicable, cash flows of only that portion of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Putnam County that is attributable to the transactions of the Agency. They do not purport to, and do not, present fairly the financial position of Putnam County New York, as of December 31, 2007 and 2006, and the changes in its financial position, or, where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In my opinion, the financial statement referred to above presents fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Putnam County Industrial Developmental Agency, as of December 31, 2007 and 2006, and the respective changes in its financial position, and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated March 19, 2008, on my consideration of the Putnam County Industrial Development Agency's internal control over financial reporting and on my 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 my 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 considered in assessing the results of my audit.

The management's discussion and analysis on pages three and four is not a required part of the basic financial statements but is required supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Putnam County Industrial Development Agency's basic financial statements. The accompanying supplementary information, as referred to in this paragraph, is presented for the purposes of additional analysis and is not a required part of the basic financial statements. This supplementary Schedule of Contractual Expenses (Schedule 1) and the Schedule of Supplemental Bond Information (Schedule 2), have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Michael R. Quis
Certified Public Accountant

March 19, 2008

**PUTNAM COUNTY INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007 AND 2006**

The following "Management's Discussion and Analysis" report (MD&A) provides the reader with a narrative discussion and analysis of the financial activities and performance of the Putnam County Industrial Development Agency for the years ended December 31, 2007 and 2006. GASBS No. 34, paragraphs 8 through 11 requires special-purpose governments that are engaged in business-type activities to reflect this new financial reporting model along with the Basic Financial Statements. This information should be reviewed in conjunction with the Independent Auditor's Report, the Agency's audited financial statements and notes to the financial statements. Certain reclassifications have been made to the 2006 amounts reflected below to conform with current year presentations.

FINANCIAL HIGHLIGHTS

There was a decrease in Net Assets of \$63,160 at December 31, 2007 vs. 2006 and an increase in Net Assets of \$41,589 at December 31, 2006 vs. 2005.

The Agency's Total Assets exceeded Liabilities by \$158,047 and \$221,207 at December 31, 2007 and 2006, respectively.

In calendar year 2007, there were no new for profit or civic facility revenue bonds issued.

In calendar year 2006, two new industrial development revenue bonds (within one project) and a new straight-lease transaction were issued. This new activity resulted in an addition to operating fee revenues resulting in total bond fee income of \$66,850. Straight-lease transaction fees and/or tax saving related revenue resulted in \$13,235 of additional income and \$19,689 for years ended December 31, 2007 and 2006, respectively.

SUMMARY OF OPERATING/NON-OPERATING ACTIVITIES

	<u>2007</u>	<u>2006</u>	<u>Increase(Decrease)</u>
<u>REVENUES</u>			
Operating	\$ 13,235	\$ 86,539	\$(73,304)
Non-operating: Interest Income	<u>7,543</u>	<u>5,518</u>	<u>2,025</u>
Total Revenues	<u>\$ 20,778</u>	<u>\$ 92,057</u>	<u>\$(71,279)</u>
<u>OPERATING EXPENSES</u>			
Agency administration	\$ 61,144	\$ 20,548	\$ 40,596
Business promotional expenses	22,644	9,920	12,724
Depreciation	-	-	-
<u>NON-OPERATING EXPENSES</u>			
Total Expenses	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 83,788</u>	<u>\$ 30,468</u>	<u>\$ 53,320</u>
<u>TRANSFER AND CONTRIBUTIONS</u>			
Contribution to other organizations	<u>\$ 150</u>	<u>\$ 20,000</u>	<u>\$ (19,850)</u>

**PUTNAM COUNTY INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007 AND 2006**

FUND FINANCIAL STATEMENTS

The Agency, a component unit of Putnam County, New York is within the fund category of a Proprietary Fund; their fund type is considered to be that of an Enterprise Fund. Fund accounting is a method of accountability used to maintain control over resources segregated for specific activities or objectives. Enterprise funds generally reflect business-type activities in which services are provided for a fee.

OVERVIEW OF FINANCIAL STATEMENTS

The Agency's financial statements are prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB).

The basic financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows. These are followed by notes to the financial statements. In addition to the basic financial statements, this report also contains required supplementary information.

The statement of net assets presents information on the Agency's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of the direction of the Agency's financial position.

The statement of revenue, expenses and changes in net assets reports the operating revenues and expenses and non-operating revenues and expenses of the Agency for the fiscal year with the differences (the net income or loss) to determine the net change in assets for the fiscal year. The change combined with the net assets at the end of the previous year total to the net assets at the end of the current fiscal year.

The statement of cash flows reports all cash equivalent activities for the fiscal year resulting from operating activities, capital and related financing activities, non-capital and related financing activities and investing activities. The net result of these activities added to the beginning of the year cash balance total to the cash and cash equivalent balance at the end of the current fiscal year.

The accompanying notes to the financial statements provide information essential to an understanding of fund type financial statements and to certain accounting policies, procedures and guidelines followed by the Agency.

REQUESTS FOR INFORMATION FROM THE AGENCY

This financial report is designed to provide the readers of these statements with a general overview of the Agency's finances. All inquiries relating to this report should be addressed to the Chairman of the Putnam County Industrial Development Agency, 34 Gleneida Avenue, Carmel, NY 10512.

See the accompanying notes to financial statements.

**PUTNAM COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF NET ASSETS
DECEMBER 31, 2007 AND 2006**

ASSETS	<u>2007</u>	<u>2006</u>
Current assets		
Cash	\$ 166,049	\$ 234,794
Prepaid Expenses	944	394
Total current assets	<u>166,993</u>	<u>235,188</u>
Capital assets (Notes 2b and 3)		
Office equipment	18,729	18,729
Furniture and fixtures	10,995	10,995
Computer equipment	9,195	9,195
	<u>38,919</u>	<u>38,919</u>
Less: accumulated depreciation	<u>(38,919)</u>	<u>(38,919)</u>
Total capital assets, net	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 166,993</u></u>	<u><u>\$ 235,188</u></u>
LIABILITIES		
Current liabilities		
Accrued liabilities	<u>\$ 8,946</u>	<u>\$ 13,981</u>
Total current/liabilities	<u>8,946</u>	<u>13,981</u>
NET ASSETS		
Unrestricted	<u>158,047</u>	<u>221,207</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 166,993</u></u>	<u><u>\$ 235,188</u></u>

See the accompanying notes to financial statements.

**PUTNAM COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
OPERATING REVENUE		
Bond fee income	\$ -	\$ 66,850
Straight-lease transaction tax savings income	8,235	11,439
Straight-lease transaction rental income	5,000	7,500
Lease application fee	-	250
Modification of Agreement	-	500
	<u>13,235</u>	<u>86,539</u>
OPERATING EXPENSES		
Contractual expenses (Schedule 1):		
Agency administration	61,144	20,548
Business promotional expenses		
Promotional expenses from Shop Putnam	<u>22,644</u>	<u>9,920</u>
Total operating expenses	<u>83,788</u>	<u>30,468</u>
Operating income	<u>(70,553)</u>	<u>56,071</u>
NON-OPERATING REVENUE (EXPENSE)		
Interest income	<u>7,543</u>	<u>5,518</u>
Total non-operating revenue (expense)	<u>7,543</u>	<u>5,518</u>
Income (loss) before transfers and contributions	(63,010)	61,589
Contributions to other organizations	<u>(150)</u>	<u>(20,000)</u>
Change in net assets	(63,160)	41,589
Total net assets, beginning of year	<u>221,207</u>	<u>179,618</u>
Total net assets, end of year	<u>\$ 158,047</u>	<u>\$ 221,207</u>

See the accompanying notes to financial statements.

**PUTNAM COUNTY INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from bond fee income	\$ -	\$ 66,850
Cash received from straight lease tax savings	8,235	11,439
Cash received from straight lease rentals	5,000	7,500
Lease application fee	-	250
Modification of agreement	-	500
Cash paid to vendors for services	(66,728)	(13,478)
Cash paid for business promotional expenses	<u>(22,644)</u>	<u>(19,321)</u>
Net cash provided by operating activities	<u>(76,137)</u>	<u>53,740</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Contributions paid to other organizations	<u>(150)</u>	<u>(20,000)</u>
Net cash used in non-capital financing activities	<u>(150)</u>	<u>(20,000)</u>
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Interest income	<u>7,542</u>	<u>5,518</u>
Net cash provided from investing activities	<u>7,542</u>	<u>5,518</u>
Net increase in cash and cash equivalents	(68,745)	39,258
Cash and cash equivalents – beginning of the year	<u>234,794</u>	<u>195,536</u>
Cash and cash equivalents – end of the year	<u>\$ 166,049</u>	<u>\$ 234,794</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ (70,553)	\$ 56,071
Net change in assets and liabilities:		
(Increase) decrease in prepaid expenses	(550)	(90)
Increase (decrease) in accrued operating liabilities	(6,682)	6,960
Increase (decrease) in accounts payable	1,648	799
Increase (decrease) due to others	<u>-</u>	<u>(10,000)</u>
Net cash used by operating activities	<u>\$ (76,137)</u>	<u>\$ 53,740</u>

See the accompanying notes to financial statements.

PUTNAM COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 1 – THE REPORTING ENTITY

The Agency was organized August 31, 1995, by the Putnam County Legislature under the authority of General Municipal Law, Section 856.1A of the State of New York. Accordingly, the Agency is exempt from taxes on income generated. The Agency was established to attract new business and encourage them to relocate to Putnam County. Additionally, as stated by the Agency, its purpose is to promote the economic welfare, recreational opportunities, and prosperity of its inhabitants; and to promote, attract, encourage and develop recreation and economically sound commerce and industry through governmental action for the purpose of preventing unemployment and economic deterioration.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting

The Agency's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Agency follows the provisions of the Governmental Accounting Standards Board, which establishes the financial reporting standards for all state and local government entities.

The accompanying financial statements have been prepared using the economic resources measurement focus on the accrual basis of accounting and reflect transactions on behalf of the Agency, the reporting entity. The Agency accounts for its operations as a proprietary enterprise fund.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

B. Capital Assets

Capital assets are stated at historical cost.

Depreciation is provided on the straight-line method at rates that are designed to amortize the original cost of the property over its estimated useful life. The major categories of capital assets in service, and their estimated useful lives are as follows at December 31, 2007 and 2006:

PUTNAM COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

	<u>Estimated Useful Lives</u>
Office equipment	5 to 6 years
Furniture and fixtures	10 years
Computer equipment	5 years

C. Cash & Cash Equivalents

Cash and cash equivalents consist of cash held in a checking account and several CD accounts. The Agency's cash balances were deposited at one bank. The Agency's CD accounts were held at several different banks. The Board of Directors believes the Agency is not exposed to any significant credit risk on cash and cash equivalents. Uninsured/uncollateralized balances are approximately \$0 at December 31, 2007. All balances are insured by the FDIC. Uninsured/uncollateralized balances were approximately \$79,625 at December 31, 2006.

NOTE 3 - CAPITAL ASSETS

Capital assets at December 31, 2007 and 2006 are as follows:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Capital Assets, Net</u>
Office equipment	\$18,729	\$18,729	\$ -
Furniture and fixtures	10,995	10,995	-
Computer equipment	<u>9,195</u>	<u>9,195</u>	<u>-</u>
Total	<u>\$38,919</u>	<u>\$38,919</u>	<u>\$ -</u>

NOTE 4 - LEASES

The Agency leased office space from the County of Putnam at \$525 per month on a yearly basis for 2007 and 2006 respectively. It is anticipated that the lease will be renewed in the following calendar year (2008) at the existing rate of \$525 per month.

PUTNAM COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

NOTE 5 – INDUSTRIAL REVENUE BOND AND NOTE TRANSACTIONS

Certain industrial development revenue bonds and notes issued by the Agency are secured by property which is leased to companies and are retired by lease payments. The bonds and notes are not obligations of the Putnam County Industrial Development Agency of the State of New York. The Agency does not record the assets of liabilities resulting from completed bond and note issues in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond and note holders, and funds arising there from are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives bond administration fees from the borrowing companies when the bond is initially issued. Such bond issuances outstanding at December 31, 2007 and 2006 are summarized in Schedule 2, which is not audited.

The Agency is authorized to issue the following bonds:

Industrial Development Bonds

These are revenue bonds issued to finance the construction or purchase of manufacturing or commercial facilities.

Civic Facility Bonds

These are revenue bonds issued to finance the construction or financing needs of not-for-profit organizations that are categorized by the Internal Revenue Service as 501(c)(3) entities. These bonds are tax exempt unless otherwise stated.

NOTE 6 - STRAIGHT-LEASE TRANSACTIONS

In addition to the issuance of bonds and notes, the Agency has the authority to provide straight-lease financing for a project. This authority is granted under Article 18-A and Section 927-F of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York. This type of financing provides financial assistance primarily in the form of exemption of sales and use taxes, mortgage recording taxes, abatements of certain real property tax payments in lieu of taxes (PILOT), and utility discounts. The company developing the project enters into a lease with the Industrial Development Agency (termed the Agency Lease) and also enters into a sublease with the "Agency" with respect to the premises, all as part of the straight-lease transaction. The term of the Agency lease expires on the earlier of the termination of the Project Agreement or termination of the sublease. In essence, there is a lease entered into between the Agency and a company developing a project whereby leasehold title is transferred to the Agency by the company. A sublease is then entered into whereby the Agency subleases its interest back to the company. An annual base lease payment is made to the Agency that is the greater of \$2,500 or 10% of the benefits received by the company during the year.

**PUTNAM COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

The following straight-lease transactions are in effect for the years ended December 31, 2007 and 2006:

<u>Client</u>	<u>Lease Inception Date</u>	<u>Max Aggregate Straight-lease Financing</u>	<u>Expiration Date</u>	<u>2007 & 2006 Annual Lease Payment</u>	<u>10% of Benefit Rcvd</u>	
					<u>2007</u>	<u>2006</u>
Williams Acq. Plaza	July 16, 1999 Nov. 23, 1999*	(c) \$11,500,000 \$ 6,000,000	July 1, 2009 Dec. 31, 2001	\$2,500 \$ -	\$ - \$ -	\$ - \$ -
Columbia PHC Clancy	June 30, 2000 August 1, 2000	(a) \$16,200,000 (b) \$ 4,500,000	June 30, 2030 Oct. 20, 2006	\$ - \$2,500	\$4,874 \$ -	\$ 6,582 \$ -
Fryer Machine Fryer Machine	August 1, 2004 August 1, 2004	(d) \$ 4,600,000 (tax abatement – 10% adjustment)	July 1, 2016	\$ - \$ -	\$3,362 \$ -	\$ 4,227 \$ 630
Williams Acq. Totals	December 29, 2006	<u>\$ 6,000,000</u> <u>\$48,800,000</u>	April 15, 2022	<u>\$2,500</u> <u>\$7,500</u>	<u>\$ -</u> <u>\$8,236</u>	<u>\$ -</u> <u>\$11,439</u>
Fryer Machine	(modification of agreement inc.)					\$ 500

(a) Effective December 6, 2001, there was an addition of \$1,500,000 to the existing straight lease transaction, increasing the total amount financed from \$14,700,000 to \$16,200,000.

(b) Effective January 17, 2002, there was an addition of \$750,000 to the existing straight lease transaction, increasing the total amount financed from \$3,750,000 to \$4,500,000. Clancy's lease with the PCIDA and its related sublease with Clancy Moving Systems, Inc., were terminated in connection with the refinancing of the subject premises on October 20, 2006.

(c) Effective December 29, 2006, there was an addition of \$5,500,000 to the existing straight lease transaction, increasing the amount financed from \$6,000,000 to \$11,500,000.

(d) Effective June 19, 2006, there was an addition of \$600,000 to the existing straight lease transaction, increasing the total amount financed from \$4,000,000 to \$4,600,000.

* Presented for historical purposes only.

NOTE 7 – PAYMENTS IN LIEU OF TAXES (PILOTS)

The Agency, under the provisions of Section 412-a of the Real Property tax law of the State of New York is not required to pay real estate taxes on any of the property acquired by it or under its jurisdiction, supervision, or control. In order to insure the receipt of real estate tax revenues, the agency entered into a "Payment In Lieu of Tax Agreement" with the lessees of various projects. The lessees have agreed to make payments in lieu of taxes until the agency's tax exemption is no longer in effect, at which time, title will be

**PUTNAM COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

conveyed to the lessee. Under Section 485-b of NYS Real Property tax law, tax payments for all real estate taxes will be paid directly by the lessees in a reduced manner as provided for in the Project Agreements. In 2007, these payments amounted to \$540,253 as follows:

County taxes	\$ 38,473
Local taxes	62,180
School taxes	<u>439,600</u>
Total	<u>\$ 540,253</u>

NOTE 8 – TAX EXEMPTIONS

Total other tax exemptions received on the various projects for the year ended December 31, 2007 were as follows:

Sales Tax Exemptions	\$ 41,240
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NOTE 9 – LIMITED COVERAGE OF THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT

The financial statements of the Putnam County Industrial Development Agency are intended to present the financial position and results of operations and cash flows of proprietary fund types of only that portion of the financial reporting entity of the County of Putnam, State of New York that is attributable to the transactions of the Agency.

NOTE 10 – CURRENT LIABILITIES

Current liabilities are comprised of the following items for the years ended December 31:

	<u>2007</u>	<u>2006</u>
Accrued expenses	\$ 6,500	\$ 7,075
Due to other organizations (non-operating liability)	-	5,549
Payables – other	<u>2,446</u>	<u>1,357</u>
Total	<u>\$ 8,946</u>	<u>\$13,981</u>

**PUTNAM COUNTY INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

AGENCY ADMINISTRATION:

	<u>2007</u>	<u>2006</u>
Rent	\$ 6,300	\$ 6,300
Bookkeeping	-	575
Professional fees – accounting and auditing	6,500	6,650
Professional fees – accounting and auditing – prior	-	1,500
Insurance	2,850	1,732
Legal notices	96	520
Conferences and seminars	1,709	647
Travel	248	249
Service charges	-	36
Wages	35,000	2,083
Payroll related expenses	3,545	256
Website	1,810	-
Office supplies	740	-
Office equipment	565	-
Postage and delivery	227	-
Printing and reproduction	676	-
Meals	455	-
Books and manuals	<u>423</u>	<u>-</u>
Total Agency Administrative Expenses	<u>\$ 61,144</u>	<u>\$ 20,548</u>

**PUTNAM COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF BOND INDEBTEDNESS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

DECEMBER 31, 2007

<u>Name of Project</u>	<u>Principal Amount Of Issue</u>	<u>Issue Date</u>	<u>Outstanding Beginning Fiscal Year</u>	<u>Principal Paid During Fiscal Year</u>	<u>Outstanding End Of Fiscal Year</u>
(A) Brewster Plastics, Inc.	\$3,430,000	06/12/96	\$2,320,000	\$160,000	\$2,160,000

The industrial Revenue Bond total issue of \$3,430,000 consists of two bonds issued on June 12, 1996 as follows:

<u>No.</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Tax Status</u>
R-1	December 1, 2008	\$1,440,000	7.375%	Taxable
R-2	December 1, 2016	1,990,000	8.50%	Taxable

Note: Bond interest paid during the year amounted to \$193,488.

(B) Sincerity +, LLC Facility	\$9,990,000	12/01/04	\$9,990,000	\$ -0-	\$9,990,000
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The Variable Rate Demand Industrial Development Revenue Bond, Series 2004 total issue of \$9,990,000 consists of one bond issued on December 1, 2004. The additional bond information is as follows:

<u>No.</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Tax Status</u>
R-1	December 1, 2024	Variable	Taxable

Note: Bond interest paid during the year amounted to \$529,725.

**PUTNAM COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF BOND INDEBTEDNESS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

DECEMBER 31, 2007

<u>Name of Project</u>	<u>Principal Amount Of Issue</u>	<u>Issue Date</u>	<u>Outstanding Beginning Fiscal Year</u>	<u>Principal Paid During Fiscal Year</u>	<u>Outstanding End Of Fiscal Year</u>
(C) Mahopac Volunteer Fire Department, Inc. Project	\$5,700,000	06/01/05	\$5,700,000	\$205,000	\$5,495,000

The Variable Rate Civic Facility Revenue Bond, Series 2005 total issue of \$5,700,000 consists of one bond issued on June 1, 2005 as follows:

<u>No.</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Tax Status</u>
R-1	November 1, 2012	Variable	Tax Exempt

Note: Bond interest paid during the year amounted to \$236,416.

(D) United Cerebral Palsy Of Putnam and Southern Dutchess Project	\$12,565,000	12/01/05	\$12,565,000	\$100,000	\$12,465,000
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The Variable Rate Civic Facility Revenue Bond, Series 2005 total issue of \$12,565,000 consists of three bonds issued on December 1, 2005 as follows:

<u>No.</u>	<u>Tax Series</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Tax Status</u>
R-2	2005 A	December 1, 2030	\$4,300,000	Variable	Tax Exempt
R-3	2005 B	December 1, 2030	8,025,000	Variable	Taxable-Convertible to tax exempt
R-4	2005 C	December 1, 2008	240,000	Variable	Taxable

Note: Bond interest paid during the year amounted to \$468,576.

**PUTNAM COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF BOND INDEBTEDNESS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

DECEMBER 31, 2007

<u>Name of Project</u>	<u>Principal Amount Of Issue</u>	<u>Issue Date</u>	<u>Outstanding Beginning Fiscal Year</u>	<u>Principal Paid During Fiscal Year</u>	<u>Outstanding End Of Fiscal Year</u>
(E) Broad Reach LLC Project	\$6,685,000	12/29/06	\$6,685,000	\$ -0-	\$6,685,000

The Variable Rate Industrial Development Revenue Bond total issue of \$6,685,000 consists of two bonds issued on December 29, 2006 as follows:

<u>No.</u>	<u>Tax Series</u>	<u>Maturity Date</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Tax Status</u>
R-1	2006A	July 1, 2014	\$ 915,000	Variable	Taxable
R-2	2006B	July 1, 2032	\$5,770,000	Variable	Taxable

Note: Bond interest paid during the year amounted to \$335,929.

**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***

Board of Directors
Putnam County Industrial Development Agency
34 Gleneida Avenue
Carmel, New York

I have audited the financial statements of the government activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Putnam County Industrial Development Agency of the State of New York, as of and for the year ended December 31, 2007, which collectively comprise the Putnam County Industrial Development Agency's basic financial statements and have issued my report thereon dated March 19, 2008. I conducted my 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 my audit, I considered the Putnam County Industrial Development Agency's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Putnam County Industrial Development Agency's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Putnam County Industrial Development Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Putnam County Industrial Development Agency's financial statements that is more than inconsequential will not be prevented or detected by the Putnam County Industrial Development Agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Putnam County Industrial Development Agency's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 Putnam County Industrial Development Agency's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 the Board of Directors of the Putnam County Industrial Development Agency and the State of New York and is not intended to be and should not be used by anyone other than these specified parties. This report is, however, a matter of public record.

Michael R. Quis
Certified Public Accountant

March 19, 2008