

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

**FINANCIAL STATEMENTS**

*For the Years Ended December 31, 2005 and 2004*

**PUTNAM COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

Table of Contents

	PAGE
Independent Auditor’s Report .....	1
Management’s Discussion and Analysis .....	3
<u>Exhibit A</u> - Statement of Net Assets at December 31, 2005 and 2004 .....	5
<u>Exhibit B</u> - Statement of Revenues, Expenses and Changes in Fund Net Assets For The Years Ended December 31, 2005 and 2004 .....	6
<u>Exhibit C</u> - Statement of Cash Flows For The Years Ended December 31, 2005 and 2004 .....	7
Notes To The Financial Statements .....	8
<u>Schedule 1</u> - Schedule of Contractual Expenses .....	12
<u>Schedule 2</u> - Schedule of Bond Indebtedness .....	13
Report on Compliance And On Internal Control Over Financial Reporting Based on An Audit of Financial Statements Performed In Accordance with Government Auditing Standards .....	15

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American Institute of Certified Public Accountants  
New York State Society of Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying basic financial statements of the governmental 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 years ended December 31, 2005 and 2004, as listed in the table of contents. These financial statements are the responsibility of the Putnam County Industrial Development Agency's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. 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, 2005 and 2004, 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 statements referred to above present fairly, in all material respects, the respective financial position of the Putnam County Industrial Development Agency, as of December 31, 2005 and 2004, and the changes in its financial position and its cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying information found in Management's Discussion and Analysis on pages three and four is not a required part of the basic financial statements but is 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 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, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
Alan Wolfson  
Certified Public Accountant

June 1, 2006

**PUTNAM COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2005 AND 2004**

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, 2005 and 2004. GASBS No. 34, paragraphs 8 through 11 require 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.

**FINANCIAL HIGHLIGHTS**

There was an increase in Net Assets of \$44,285 and \$103,795 at December 31, 2005 and 2004, respectively.

The Agency's Total Assets exceeded Liabilities by \$179,618 and \$135,333 at December 31, 2005 and 2004 respectively.

A new bond and straight lease transaction were both issued in 2004, additionally, the tax savings on certain straight lease transactions was greater than the annual rental fee. This new activity resulted in an increase in operating fee revenues of \$110,321.

In calendar year 2005, two new civic facility revenue bonds were issued to not-for-profit 501(c)(3) organizations. This new activity resulted in an addition to operating fee revenues of \$91,325. Straight-lease transaction fees resulted in \$15,966 of additional income.

**SUMMARY OF OPERATING ACTIVITIES**

<b><u>REVENUES:</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>	<b><u>Increase(Decrease)</u></b>
Operating	\$107,291	\$117,837	\$(10,546)
Non-operating	<u>1,042</u>	<u>191</u>	<u>851</u>
Total Revenues	<u>\$108,333</u>	<u>\$118,028</u>	<u>\$(\$9,695)</u>

**OPERATING EXPENSES**

Agency administration	\$ 19,142	\$ 14,233	\$4,909
Depreciation	<u>-0-</u>	<u>-0-</u>	<u>- 0 -</u>
Total Expenses	<u>\$ 19,142</u>	<u>\$ 14,233</u>	<u>\$ 4,909</u>

**TRANSFER AND CONTRIBUTIONS**

Contribution to other organizations	<u>\$ 44,906</u>	<u>\$ -0-</u>	<u>\$ 44,906</u>
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**PUTNAM COUNTY INDUSTRIAL DEVELOPMENT AGENCY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2005 AND 2004**

**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 certain 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 nonoperating 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. That 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, noncapital 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, 2005 AND 2004**

	ASSETS	
	2005	2004
Current assets		
Cash	\$195,536	\$138,471
Prepaid expenses	303	800
Total current assets	195,839	139,271
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
	38,919	38,919
Less: accumulated depreciation	(38,919)	(38,919)
Total capital assets, net	-	-
<b>TOTAL ASSETS</b>	<b>\$195,839</b>	<b>\$139,271</b>
	LIABILITIES	
Current liabilities		
Accrued liabilities	\$ 16,221	\$ 3,938
Total current/liabilities	16,221	3,938
	NET ASSETS	
Unrestricted	179,618	135,333
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$195,839</b>	<b>\$139,271</b>

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, 2005 AND 2004**

	<u>2005</u>	<u>2004</u>
<b>OPERATING REVENUE</b>		
Bond fee income	\$ 91,325	\$ 99,900
Straight-lease transaction tax savings income	8,466	10,437
Straight-lease transaction rental income	<u>7,500</u>	<u>7,500</u>
Total Revenues	<u>107,291</u>	<u>117,837</u>
<b>OPERATING EXPENSES</b>		
Contractual expenses (Schedule 1):		
Agency administration	<u>19,142</u>	<u>14,233</u>
Total operating expenses	<u>19,142</u>	<u>14,233</u>
Operating income	<u>88,149</u>	<u>103,604</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>		
Interest income	<u>1,042</u>	<u>191</u>
Total non-operating revenue (expense)	<u>1,042</u>	<u>191</u>
Income (loss) before transfers and contributions	89,191	103,795
Contributions to other organizations	<u>(44,906)</u>	<u>-</u>
Change in net assets	44,285	103,795
Total net assets, beginning of year	<u>135,333</u>	<u>31,538</u>
Total net assets, end of year	<u>\$179,618</u>	<u>\$135,333</u>

See the accompanying notes to financial statements.