

TOWN OF CORINTH  
INDUSTRIAL DEVELOPMENT AGENCY

REGULATORY BASIS  
FINANCIAL STATEMENTS

DECEMBER 31, 2010

TOWN OF CORINTH INDUSTRIAL DEVELOPMENT AGENCY  
FINANCIAL STATEMENTS  
DECEMBER 31, 2010

	<u>Pages</u>
Independent Auditors' Report	1-2
Regulatory Basis Financial Statements	
Balance Sheet	3
Statement of Revenues, Expenses and Changes in Fund Balance	3
Statement of Cash Flows	3
Notes to Financial Statements	4-6
Independent Auditors' 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	7-8
Findings and Recommendations	9

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Town of Corinth Industrial Development Agency

We have audited the accompanying regulatory basis financial statements of the Town of Corinth Industrial Development Agency, a component unit of Town of Corinth, as of and for the year ended December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of the Town of Corinth Industrial Development 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 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. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Agency prepared these financial statements using accounting principles prescribed by the New York State Office of the State Comptroller to demonstrate compliance with the State's regulatory basis of accounting, which practices differ from accounting principles generally accepted in the United States of America. See that note for the difference between the regulatory basis of accounting and accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Town of Corinth Industrial Development Agency as of December 31, 2010 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles prescribed by the New York State Office of the State Comptroller.

In accordance with Government Auditing Standards, we have also issued our report dated April 6, 2011 on our consideration of the Town of Corinth Industrial Development Agency's internal control over financial reporting and on our tests of its compliance with certain provision 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting and 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 our audit.

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

Very Truly Yours,  
WILSON, STARK & BASILA  
Certified Public Accountants, PC

*Bryan T. Basila*

BRYAN T. BASILA, CPA

Dated: April 6, 2011

TOWN OF CORINTH INDUSTRIAL DEVELOPMENT AGENCY  
Balance Sheet  
December 31, 2010

Assets:	
Cash	\$ 15,110
Capital assets	<u>1,079</u>
	\$ <u>16,189</u>
Liabilities - accounts payable	2,450
Fund balance	<u>13,739</u>
	\$ <u>16,189</u>

Statement of Revenues, Expenses and Changes in Fund Balance  
For the Year Ended December 31, 2010

Revenue:	
Fees	-
Interest	<u>315</u>
Total revenue	<u>315</u>
Expenses:	
Professional fees	3,250
Other expenses	<u>1,834</u>
Total expenses	<u>5,084</u>
Excess (expenses) over revenues	( 4,769)
Fund balance at beginning of year	<u>18,508</u>
Fund balance at end of year	\$ <u>13,739</u>

Statement of Cash Flows  
For the Year Ended December 31, 2010

Operating activities:	
Excess of (expenses) over revenues	( 4,769)
Increase in accounts payable	<u>2,250</u>
Net cash (used) by operating activities and net (decrease) in cash	( 2,519)
Cash at beginning of year	<u>17,629</u>
Cash at end of year	\$ <u>15,110</u>

See independent auditor's report.

TOWN OF CORINTH INDUSTRIAL DEVELOPMENT AGENCY  
Notes to Financial Statements  
December 31, 2010

1. Organization and Significant Accounting Policies

Business Activity

The Town of Corinth Industrial Development Agency (Agency) was created in 1977 by the Town of Corinth Board of Supervisors under the provisions of General Municipal Law Article 18-A of New York State for the purpose of encouraging economic growth in Saratoga County. The Agency is a component unit of the Town. The Town appoints the Agency's governing board and also accounts for the Agency's transactions.

Basis of Accounting

The financial statements of the Town of Corinth Industrial Development Agency have been prepared in conformity with accounting principles prescribed by the New York State Office of the State Comptroller for complying with General Municipal Law, Section 859, in which every Industrial Development Agency is required to make an annual financial report. The most significant difference between this regulatory basis of accounting and generally accepted accounting principles (GAAP) is that the Government Accounting Standards Board (GASB) Statement 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments" need not be implemented to meet the requirements of General Municipal Law. GASB 34 would require significant additional changes including:

- . Government-Wide Reporting
- . Focus on Funds
- . Changes in Budgetary Reporting
- . Full Accrual Accounting Including Depreciation
- . Management Discussion and Analysis
- . Capitalization of Infrastructure Assets

Management has determined that auditing the financial statements utilizing the Comprehensive Basis of Accounting as prescribed by the State Comptroller as described above, as opposed to GAAP, makes fiscal sense for the Agency.

Income Taxes

The Agency operates as an independent entity and is exempt from Federal, New York State and local income taxes.

(continued)

See independent auditors' report.

TOWN OF CORINTH INDUSTRIAL DEVELOPMENT AGENCY  
Notes to Financial Statements, Continued  
December 31, 2010

2. Industrial Revenue Bond and Note Transactions

All of the industrial development revenue bonds and notes issued by the Agency are secured by property which is leased to companies and is retired by lease payments. The bonds and notes are not obligations of the Agency or the State. The Agency does not record assets or liabilities resulting from completed bond and note issues in its accounts because its primary function is to arrange the financing between the borrowing companies and the bond and note holders, and funds arising therefrom are controlled by trustees or banks acting as fiscal agents.

For providing this conduit financing service, the Agency receives bond administration fees from the borrowing companies. Such administrative fee income is recognized upon the closing and issuance of bonds, notes or straight lease transactions. At December 31, 2010 the outstanding financing balance of bonds and notes (issued in the name of the Agency) of the borrowing companies on open projects was \$9,489,000.

The Agency has not issued any of its own obligations through December 31, 2010.

3. Property of the Agency - Fixed Assets

Fixed assets represents closing and other costs incurred in connection with land gifted to the Agency in a prior year.

4. Investment of Cash

The Agency's investment policies are governed by New York Statutes, as well as the Agency's own investment policy. Agency monies must be deposited in FDIC insured commercial banks or trust companies located in New York State in demand, savings, money market accounts and certificates of deposit. Collateral is required for all invested funds not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and the State and its localities.

Deposits at December 31, 2010 totaling \$15,110 were covered by FDIC insurance.

See independent auditors' report.

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TOWN OF CORINTH INDUSTRIAL DEVELOPMENT AGENCY  
Notes to Financial Statements, Continued  
December 31, 2010

5. Annual Report Filing

The Agency is required to file an annual report in a specific on-line format called the Public Authorities Reporting Information System (PARIS). Such report is filed with the State budget agency which oversees the operations of various State authorities, including Industrial Development Agencies.

Supplemental information in the annual report filing for project data including general project information, project location, applicant information as well as certain project employment information is available from initial data provided to the Agency by the project companies. Current project employment at December 31, 2010 and construction jobs during 2010 for any projects in the construction phase are also provided by the project companies. Property tax exemptions and PILOTS paid are available from the Agency's records.

Conduit debt is reported based on amounts provided by each project company at December 31, 2010, including increases and payments during the year and conduit debt calendar year end balances. Project companies report the amount of sales tax savings as a result of IDA status for projects in the construction phase and also mortgage recording savings at each project's financial closing and any such amounts are included as additional project tax exemptions.

Average estimated salary data is noted as -0- for each project company because projects closed in years through the year 2007 are not required to provide such data.

The required reporting for straight lease projects was revised to annual lease payment in 2008. The reporting does not require annual lease payment be provided for projects closed through 2007, therefore, the amount reported as annual lease payment is the total lease amount for those projects. No projects closed during 2010.

See independent auditors' report.

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**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**

To the Board of Directors  
Town of Corinth Industrial Development Agency

We have audited the regulatory basis financial statements of Town of Corinth Industrial Development Agency, a component unit of Town of Corinth, as of and for the year ended December 31, 2010, and have issued our report thereon dated April 6, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Town of Corinth Industrial Development 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 Town of Corinth Industrial Development Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Corinth Industrial Development Agency's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency'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 financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Corinth Industrial Development Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 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 and management and is not intended to be and should not be used by anyone other than the specified parties.

Very truly yours,  
WILSON, STARK & BASILA  
Certified Public Accountants, PC

*B. T. Basila*

BRYAN T. BASILA, CPA

Dated: April 6, 2011

TOWN OF CORINTH INDUSTRIAL DEVELOPMENT AGENCY  
Findings and Recommendations  
December 31, 2010

RULES AND REGULATIONS

In its annual report for 2010 the Agency explained that it had not complied with implementing all of the rules and regulations promulgated by its regulatory agency during the years 2009 and 2010 for various reasons and that its intent was to comply with all of them in 2011.

Although the above noted rules and regulations do not impact the Agency's financial position at December 31, 2010 or its operating results for 2010, the Agency must comply with all rules and regulations of its regulatory authority and we recommend that the Agency Board address compliance with all of them as soon as possible.