

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

FINANCIAL STATEMENTS
(and Reports of Independent Auditors)

December 31, 2018 and 2017

ULSTER COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of Ulster County, New York)
FINANCIAL STATEMENTS
December 31, 2018 and 2017
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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, 2018 and 2017, 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.

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Members of the American Institute of Certified Public Accountants and New York State Society of Certified Public Accountants

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2018 and 2017, 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 29, 2019 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, Hawes & Bucci, CPAs, P.C.

Kingston, New York
March 29, 2019

ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of Ulster County, New York)
MANAGEMENT DISCUSSION AND ANALYSIS
December 31, 2018 and 2017

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, 2018. 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 has increased by \$354,705 (or 90.4%) as a result of operations in 2018.

In 2018, revenues increased \$408,901 compared to 2017, or 347.5%

In 2017, revenues decreased \$157 compared to 2016, or 0.1%.

In 2018, expenses increased \$14,933 compared to 2017, or 9.5%

In 2017, expenses increased \$44,179 compared to 2016, or 39.2%.

Agency Highlights

For the year ended December 31, 2018, the Agency authorized incentives for five (5) new projects. The new development projects benefited applicants in the film, manufacturing, and natural foods sectors. Each project is expected to retain and create new job opportunities and contribute to Ulster County's economic diversity and vitality. The Agency collected \$519,249 in administrative fees. The benefit from the new projects to the Mid-Hudson Economic Development Region are the retention of 11 existing jobs, and the potential for 70 new jobs.

For the year ended December 31, 2017, the Agency authorized incentives for four (4) new projects and two project assignments of existing projects. The new development projects benefited applicants in the theater, hotel, and tourism sectors. Each project is expected to retain and create new job opportunities and contribute to Ulster County's economic diversity and vitality. The project assignments transferred two existing PILOTs related to existing health care facilities to new owners. Each PILOT assignment is expected to retain existing jobs and comply with the PILOT requirements outlined in the original PILOT agreements. The Agency collected \$107,575 in administrative fees. The benefit from the new projects to the Mid-Hudson Economic Development Region are 84 construction jobs, the retention of 60 existing jobs, and the potential for 35 new jobs. The PILOT assignments retained 540 jobs.

See independent auditors' report.

ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of Ulster County, New York)
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2018 and 2017

Using This Annual Report

This Annual Report consists primarily of the Statements of Net Position, Statements of Revenues, Expenses, and Changes of 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.

Condensed Comparative Financial Statements and Analysis

The Agency's net position at the end of the 2018 was \$746,991, an increase of \$354,705 over \$392,286 in 2017. The Agency's net position at the end of the 2017 was \$392,286, a decrease of \$39,262 over \$431,549 in 2016.

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

Table 1 - Net Assets

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Current Assets	<u>\$ 759,626</u>	<u>\$ 406,452</u>	<u>\$ 472,303</u>
Current Liabilities	<u>\$ 12,635</u>	<u>\$ 14,166</u>	<u>\$ 40,754</u>
Net Position - Unrestricted	<u>\$ 746,991</u>	<u>\$ 392,286</u>	<u>\$ 431,549</u>

Current Assets:

Cash totals at the end of 2018 were \$737,612 versus \$375,036 at the end of 2017. The increase in cash was a direct result of increased administrative fees in 2018. Cash totals at the end of 2017 were \$375,036 versus \$472,303 at the end of 2016. The decrease in cash was a direct result of increased contracts for services expenditures in 2017.

Current Liabilities:

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

See independent auditors' report.

ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of Ulster County, New York)
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2018 and 2017

Condensed Comparative Financial Statements and Analysis (Continued)

Table 2 – Changes in Net Assets

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues:			
Administrative fees	\$ 519,249	\$ 107,575	\$ 64,277
Application fees	3,500	5,500	3,000
Interest income	3,811	584	539
Other income	-	4,000	50,000
Total Revenues	<u>526,560</u>	<u>117,659</u>	<u>117,816</u>
Expenses:			
Operating expenses	<u>171,855</u>	<u>156,922</u>	<u>112,743</u>
Total expenses	<u>171,855</u>	<u>156,922</u>	<u>112,743</u>
Changes in Net Position	<u>\$ 354,705</u>	<u>\$ (39,263)</u>	<u>\$ 5,073</u>

The Agency's revenues in 2018 were \$526,560 versus \$117,659 in 2017. Expenses in 2018 were \$171,855 versus \$156,922 in 2017. The revenue increase in 2018 over 2017 was caused by a significant increase in Administrative fees. The expenses increased in 2018 predominantly due to an increase in professional fees from 2018 over 2017. The Agency's revenues in 2017 were \$117,659 versus \$117,816 in 2016. Expenses in 2017 were \$156,922 versus \$112,743 in 2016. The revenue decrease in 2017 over 2016 was caused by the return of the UCIDA's share of the Ulster County Economic Development Alliance's unused Ready to Go Funds in 2016. The expenses increased in 2017 predominantly due to an increase in contract for services from 2017 over 2016.

Capital Assets and Long-Term Debt

There were no capital asset additions in 2018 or 2017 and the Agency did not take on any long-term debt in 2018 or 2017.

Budget

In October 2017, the Agency adopted a 2018 budget projecting revenues to be \$205,000 and expenses to be \$205,000. Actual 2018 revenues totaled \$526,560 and actual 2018 expenses totaled \$171,855. Much of the increase in actual revenues over budget was the result of more than expected number of projects closing in 2018.

See independent auditors' report.

ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of Ulster County, New York)
MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)
December 31, 2018 and 2017

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, 2018 and 2017

ASSETS		
	2018	2017
Current assets:		
Cash and cash equivalents	\$ 737,612	\$ 375,036
Accounts receivable	22,014	31,416
Total assets	\$ 759,626	\$ 406,452
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable	\$ 135	\$ 1,666
Due to Ulster County	12,500	12,500
Total liabilities	12,635	14,166
Net position - unrestricted	746,991	392,286
Total liabilities and net position	\$ 759,626	\$ 406,452

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, 2018 and 2017

	2018	2017
Operating revenues:		
Administrative fees	\$ 519,249	\$ 107,575
Application fees	3,500	5,500
Miscellaneous	-	4,000
Total operating revenues	522,749	117,075
Operating expenses:		
Administrative	50,545	53,760
Contracts for services	8,132	75,661
Shovel Ready Feasibility studies	15,500	-
Professional	88,527	16,846
Membership dues	5,750	5,772
Insurance	2,201	2,201
Miscellaneous	1,200	2,682
Total operating expenses	171,855	156,922
Operating income (loss)	350,894	(39,847)
Other revenues:		
Interest income	3,811	584
Total other revenues	3,811	584
Changes in net position	354,705	(39,263)
Net position, beginning	392,286	431,549
Net position, ending	\$ 746,991	\$ 392,286

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Administrative fees	\$ 528,651	\$ 76,159
Application fees	3,500	5,500
Miscellaneous income	-	4,000
Payments for contracts and services	(9,663)	(102,249)
Payments for Shovel Ready feasibility studies	(15,500)	-
Payments for administrative expenses	(50,545)	(53,760)
Payments for professional fees	(88,527)	(16,846)
Payments for membership dues	(5,750)	(5,772)
Payments for miscellaneous expenses	(3,401)	(4,883)
Net cash provided by (used for) operating activities	<u>358,765</u>	<u>(97,851)</u>
Cash flows from investing activities:		
Interest received	3,811	584
Net cash provided by investing activities	<u>3,811</u>	<u>584</u>
Net increase (decrease) in cash and cash equivalents	362,576	(97,267)
Cash and cash equivalents, beginning of year	375,036	472,303
Cash and cash equivalents, end of year	<u>\$ 737,612</u>	<u>\$ 375,036</u>
Reconciliation of operating income to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ 350,894	\$ (39,847)
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable	9,402	(31,416)
Decrease in due to UCEDA	-	(3,254)
Decrease in accounts payable	(1,531)	(23,334)
Net cash provided by (used for) operating activities	<u>\$ 358,765</u>	<u>\$ (97,851)</u>

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
December 31, 2018 and 2017

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)
December 31, 2018 and 2017

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.

See independent auditors' report.

ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of Ulster County, New York)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018 and 2017

2. Summary of Significant Accounting Principles (Continued):

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.

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 29, 2019, which is the date the financial statements were available to be issued.

See independent auditors' report.

ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of Ulster County, New York)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018 and 2017

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, 2018 and 2017, cash and cash equivalents 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, 2018 and 2017:

	2018		2017	
	Book Balance	Bank Balance	Book Balance	Bank Balance
Checking and Savings Accounts	\$ 737,612	\$ 738,728	\$ 375,036	\$ 386,704
Total	<u>\$ 737,612</u>	<u>738,728</u>	<u>\$ 375,036</u>	<u>386,704</u>
FDIC Coverage		250,000		250,000
Pledged Collateral		746,235		139,655
In Excess		<u>\$ (257,507)</u>		<u>\$ (2,951)</u>

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.

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, 2018 and 2017, outstanding bonds totaled \$10,449,120 and \$11,668,533, respectively.

See independent auditors' report.

ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of Ulster County, New York)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
December 31, 2018 and 2017

5. Related Party Transactions:

For the years ended December 31, 2018 and 2017, the Agency paid Ulster County administration fees totaling \$50,000 and \$50,000, respectively. As of December 31, 2018 and 2017, the amount due to Ulster County related to the administration fee was \$12,500 and \$12,500, respectively.

During the years ended December 31, 2018 and 2017, the Agency paid Ulster County Economic Development Agency (UCEDA) \$5,000 related to membership dues paid by UCEDA on UCIDA's behalf.

Effective January 1, 2019, the Corporation is no longer administered by the County of Ulster. The Board has taken responsibility for administration and is in the process of identifying a new administrator.

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, \$44,250 of grants have been provided.

See independent auditors' report.



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Jon Rath, CPA (Retired)

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Carol LaMont Howe, EA

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, 2018, 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 29, 2019.

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 opinion 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.

1 Hudson City Centre, Ste 203 Hudson, NY 12534 Tel: 518-828-1565 Fax: 518-828-2672	45 Five Mile Woods Road, Ste 1 Catskill, NY 12414 Phone: 518-943-4502 Fax: 518-943-6532	2880 Route 9, Ste 2 Valatie, NY 12184 Tel: 518-758-6776 Fax: 518-758-6779	340 Main Street Saugerties, NY 12477 Tel: 845-246-3803 Fax: 845-246-1035	157 Stockade Dr. Kingston, NY 12401 Tel: 845-331-5030 Fax: 845-331-0242	418 Broadway Albany, NY 12207 Tel: 518-662-4288 Fax: 518-758-6779
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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.

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, Howe & Bucci, CPAs, P.C.

Kingston, New York
March 29, 2019

SUPPLEMENTARY INFORMATION

ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of Ulster County, New York)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
Year ended December 31, 2018

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Administrative fees	\$ 200,000	\$ 519,249	\$ 319,249
Application fees	2,500	3,500	1,000
Investment earnings	2,500	3,811	1,311
Total revenues	<u>205,000</u>	<u>526,560</u>	<u>321,560</u>
Expenditures:			
Administrative	50,000	50,545	(545)
Contractual expenses	95,000	8,132	86,868
Membership dues	6,000	5,750	250
Professional	27,000	88,527	(61,527)
Insurance	3,000	2,201	799
Miscellaneous	2,000	825	1,175
Shovel Ready feasibility studies	10,000	15,500	(5,500)
Subsidies to other public entities	10,000	-	10,000
Seminars and conferences	2,000	375	1,625
Total expenditures	<u>205,000</u>	<u>171,855</u>	<u>33,145</u>
Total revenues in excess of expenditures (expenditures in excess of revenues)	<u>\$ -</u>	<u>\$ 354,705</u>	<u>\$ 354,705</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, 2018

<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	\$ 935,856	\$ -	\$ 66,699	\$ 869,157	2029
Benedictine	2,080,000	-	475,000	1,605,000	2021
Partition Street	7,065,677	-	400,714	6,664,963	2022
Selux	355,000	-	85,000	270,000	2024
Selux	275,000	-	35,000	240,000	2024
Viking Industries	957,000	-	157,000	800,000	2026
	<u>\$ 11,668,533</u>	<u>\$ -</u>	<u>\$ 1,219,413</u>	<u>\$ 10,449,120</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, 2018

<u>Project Code</u>	<u>Project Owner</u>	<u>Real Property Tax Exemptions County</u>	<u>Real Property Tax Exemptions Local</u>	<u>Real Property Tax Exemptions School</u>	<u>Sales Tax</u>	<u>Mortgage Recording</u>	<u>Total Exemptions</u>
5101-07-01	346 Washington Avenue 325 Albany Avenue Kingston, NY 12401	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5101-16-01	2007 Route 9W, LLC 10 Lumen Lane Highland, NY 12528	4,671	3,368	26,526	-	-	34,565
5101-11-02	Central Hudson Tomson Rd & NYS Rt 212 Saugerties, NY 12477	38,401	55,733	-	-	-	94,134
5101-15-01	Darienlake Kingston, LLC 8250 Park Road Batavia, NY 14020	40,813	66,270	298,301	-	-	405,384
5101-13-02	Golden Hill Acquisition, LLC 99 Golden Hill Drive Kingston, NY 12401	35,064	142,662	263,487	-	-	441,213
5101-98-02	Hudson River Valley LLC 24 Lohmaier Lane Lake Katrine, NY 12449	121,556	197,077	871,542	-	-	1,190,175
5101-09-001	Jimlee Realty 203 Malden Turnpike Saugerties, NY 12477	9,025	13,232	41,723	-	-	63,980

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, 2018

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
5101-06-03	Kingston Hospitality 1307 Ulster Avenue Kingston, NY 12401	-	-	-	-	-	-
5101-03-02	Lasalle Benedictine Medical Office New Paltz, NY 12561	9,183	37,361	74,743	-	-	121,286
5101-98-03	Lasalle New Paltz Medical Office New Paltz, NY 12561	20,349	39,045	102,125	-	-	161,519
5101-13-01	MHMG-KM Kingston, LLC 1561 Ulster Avenue Lake Katrine, NY 12449	181,683	294,554	1,302,035	-	-	1,778,272
5101-11-01	MHVFCU - Port Ewen 185 Broadway Port Ewen, NY 12466	4,522	3,780	28,933	-	-	37,235
5101-02-02	Kingston 1099 Morton Avenue Kingston, NY 12401	5,730	23,313	43,058	-	-	72,101
5101-10-01	PSH Development 2976 Route 9W Saugerties, NY 12477	6,338	9,234	22,687	-	-	38,259

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, 2018

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
5101-10-002	Partition Street Partition Street and Docks Saugerties, NY 12477	18,427	43,673	74,419	-	-	136,519
5101-09-002	Rocking Horse Ranch 600 Route 44/55 Plattekill, NY 12568	2,568	2,280	14,452	-	-	19,300
5101-17-03	Saugerties NY Hospitality LLC 2778 Route 32 Saugerties, NY 12477	-	-	8,955	10,193	-	19,148
5101-06-02	Spotted Dog Ventures 5340 Route 28 Mount Tremper, NY 12457	-	-	-	-	-	-
5101-12-02	Stavo Industries, Inc. 132 Flatbush Avenue Kingston, NY 12401	7,897	32,127	59,338	-	-	99,361
5101-17-02	UPAC, LLC 601 Broadway Kingston, NY 12401	-	-	-	-	-	-
5101-12-01	Wolf-tec, Inc. 132 Flatbush Avenue Kingston, NY 12401	12,832	52,208	96,423	-	-	161,463

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, 2018

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
5101-18-01	Henry Stout and Creative Environments, LLC 1 Valley View Road Big Indian, NY 12410	-	-	-	40,200	-	40,200
5101-18-03	Hudson Valley Kingston Development, LLC and Sojourn Hotel, LLC 161 Chrystie Street New York, NY 10002	-	-	-	-	-	-
5101-18-04	Landmark Preservation, LP 295 Broadway Kingston, NY 12402	-	-	-	40,000	132,000	172,000
5101-18-02	Marlboro Distr. RTE 9 LLC 1100 NYS Route 9W Marlboro, NY 12542	-	-	-	67,299	25,500	92,799
5101-17-04	The Greenhouses Hotel, LLC 2187 Bruynswick Road Wallkill, NY 12589	-	-	-	-	-	-
5101-07-02	Woodland Ponds 60 Park Lane, Suite 5 Highland, NY 12528	151,847	407,249	764,572	-	-	1,323,668
		<u>\$ 670,905</u>	<u>\$ 1,423,165</u>	<u>\$ 4,093,320</u>	<u>\$ 157,692</u>	<u>\$ 157,500</u>	<u>\$ 6,502,583</u>

See accompanying notes and independent auditors' report.

ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of Ulster County, New York)
SCHEDULE OF PILOTS
Year ended December 31, 2018

Project Code	County PILOT	Local PILOT	School PILOT	Total PILOTS
5101-07-01	\$ -	\$ -	\$ -	\$ -
5101-16-01	888	953	4,948	6,789
5101-11-02	45,110	65,320	211,966	322,396
5101-15-01	3,159	5,122	23,094	31,375
5101-13-02	11,990	48,761	90,471	151,223
5101-98-02	58,867	95,443	422,076	576,386
5101-09-001	5,258	7,710	24,309	37,277
5101-06-03	-	-	-	-
5101-03-02	3,760	15,299	30,607	49,666
5101-98-03	-	10,772	-	10,772
5101-13-01	19,080	30,935	136,739	186,754
5101-11-01	2,757	2,305	17,002	22,064
5101-02-02	3,628	14,763	-	18,391
5101-10-01	3,885	5,696	17,961	27,542
5101-10-002	10,378	24,596	47,976	82,950
5101-09-002	1,284	1,140	7,226	9,650
5101-17-03	-	-	8,955	8,955
5101-06-02	-	-	-	-
5101-12-02	5,356	21,793	40,250	67,400
5101-17-02	-	-	-	-
5101-12-01	6,318	25,706	47,476	79,500
5101-18-01	-	-	14,835	14,835
5101-18-03	-	-	-	-
5101-18-04	-	-	-	-
5101-18-02	-	-	-	-
5101-17-04	-	-	3,106	3,106
5101-07-02	74,487	215,017	375,496	665,000
Total	<u>\$ 256,207</u>	<u>\$ 591,330</u>	<u>\$ 1,524,494</u>	<u>\$ 2,372,031</u>

See accompanying notes and independent auditors' report.

ULSTER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(a component unit of Ulster County, New York)
SCHEDULE OF FULL TIME EQUIVALENT JOBS
Year ended December 31, 2018

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	0	0
5101-16-01	21	5	21	21	0
5101-09-003	29	10	29	25	0
5101-06-04	726	0	726	1,404	0
5101-11-02	6	0	6	0	0
5101-15-01	0	27	0	21	0
5101-07-03	2	3	2	0	0
5101-13-02	279	11	279	371	0
5101-98-02	0	412	0	352	0
5101-09-001	38	31	38	66	0
5101-06-03	0	30	0	0	0
5101-03-02	0	57	0	65	0
5101-98-03	28	46	28	143	0
5101-13-01	88	54	88	13	0
5101-11-01	0	7	0	8	0
5101-02-02	0	7	0	13	0
5101-10-01	0	11	0	16	0
5101-10-002	0	40	0	61	0
5101-09-002	225	24	225	127	0
5010-17-03	0	11	0	0	3
5101-01-04	146	36	122	182	0
5101-06-02	123	43	43	86	0
5101-12-02	51	8	51	62	0
5101-17-02	13	3	13	15	0
5101-98-07	62	10	62	0	0
5101-12-01	74	31	74	121	0
5101-07-02	3	112	3	197	0
5101-18-01	47	6	47	43	0
5101-18-03	0	50	0	2	0
5101-18-04	0	7.5	0	9.5	0
5101-18-02	11	13	11	0	0
5101-17-04	0	16.6	0	15	0

See accompanying notes and independent auditors' report.