

**Town of Islip
Industrial Development Agency**

ANNUAL FINANCIAL REPORT

December 31, 2008

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the Town of Islip Industrial Development Agency's financial performance provides an overview of the Agency's financial activities for the fiscal year ended December 31, 2008. Please read this in conjunction with the basic financial statements and the accompanying notes to those financial statements.

The overall mission of the Town of Islip Industrial Development Agency (the "Agency") is to promote, attract and encourage well planned economic growth in the Town. The Agency focuses its attention and resources on "wealth generation" companies, not-for-profit corporations and affordable housing projects. The Agency provides a variety of tax incentives to the above three categories of projects to further the public policy objectives of raising the industrial tax base, stabilizing property taxes, increasing employment opportunities for Town residents, supporting vital services provided by not-for-profit corporations and increasing the supply of affordable housing stock.

The Agency and its activities are inherently intertwined with those of the Town of Islip's Office of Economic Development. The Agency has no employees; its duties and functions are carried out by employees of the Office of Economic Development.

The Office of Economic Development and its "subsidiary" the Town of Islip Industrial Development Agency have a very aggressive marketing strategy that concentrates on business retention and expansion within the Nassau/Suffolk region. A secondary focus is placed on attracting new businesses from outside the region. The marketing activities include site visits to strategic industries, an Ambassador Program, a business newsletter, a series of workshops, a small business awards program, radio and television ads, print ads, brochures and direct mailings and extensive networking with business professionals. This comprehensive marketing plan is designed to brand Islip Town as a good place to do business, and to inform the business public of the various economic incentives, including the Agency, that are available to them.

In 2008, closings on projects decreased from the eight closings in 2007 to six and revenue decreased significantly. This decrease is primarily due to some large project closings in 2007 such as AG-Metropolitan Sunrise, LLC and Alcan Packaging Food & Tobacco. There was an decrease in newly induced projects from seven in 2007 to three in 2008 as a result of the general economic conditions.

Financial Highlights:

- The assets of the Agency exceeded its liabilities at December 31, 2008 by approximately \$2.3 million.
- The Agency's total assets increased by approximately \$271,000 in year 2008. The Agency's total net liabilities decreased by approximately \$3,000 in year 2008.

- The Agency's 2008 operating revenue decreased approximately \$232,000 from the 2007 operating revenues.
- As of the close of the current year, the Agency reported net assets of \$2.3 million, an increase of approximately \$274,000.

Basic Financial Statements:

- The financial statements presented herein include all of the activities of the Agency.
- The financial statements present the financial picture of the Agency, which is an enterprise type fund and, accordingly, reflects business-type activities. These statements include all assets of the Agency as well as liabilities.
- The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found immediately following the financial statements.
- The balance sheet and statement of revenues, expenses and change in net assets report information about the Agency as a whole and about its activities. These statements include all assets and liabilities of the Agency 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 then taken into account regardless of when cash is received or paid.

These two statements report the Agency's net assets and changes in net assets. Net assets represent the difference between assets and liabilities, which is one way to measure the Agency's financial health or financial position. Over time, increases or decreases in the Agency's net assets are one indicator of whether its financial health is improving or deteriorating.

Condensed Comparative Financial Statements:

	Condensed Balance Sheets at December 31,			
	<u>2008</u>	<u>2007</u>	<u>Dollar</u>	<u>Percentage</u>
			<u>Change</u>	<u>Change</u>
Capital assets	\$ 12,268	\$ 14,370	\$ (2,102)	(14.63) %
Other assets	<u>2,450,535</u>	<u>2,177,760</u>	<u>272,775</u>	12.53 %
Total assets	<u>\$2,462,803</u>	<u>\$2,192,130</u>	<u>\$ 270,673</u>	12.35 %
Other liabilities	\$ 56,371	\$ 98,050	\$ (41,679)	(42.51) %
Long-term liabilities	<u>135,520</u>	<u>96,800</u>	<u>38,720</u>	40.00 %
Total liabilities	<u>191,891</u>	<u>194,850</u>	<u>(2,959)</u>	(1.52) %
Invested in capital, net of related debt	12,268	14,370	(2,102)	(14.63) %
Unrestricted	<u>2,258,644</u>	<u>1,982,910</u>	<u>275,734</u>	13.91 %
Total net assets	<u>2,270,912</u>	<u>1,997,280</u>	<u>273,632</u>	13.70 %
Total liabilities and net assets	<u>\$2,462,803</u>	<u>\$2,192,130</u>	<u>\$ 270,673</u>	12.35 %

	Condensed Statements of Revenues, Expenses and Changes in Net Assets for the Years Ended December 31,			
	<u>2008</u>	<u>2007</u>	<u>Dollar</u>	<u>Percentage</u>
			<u>Change</u>	<u>Change</u>
Total operating revenue	\$ 326,480	\$ 560,080	\$ (233,600)	(41.71) %
Total operating expenses	<u>133,304</u>	<u>134,495</u>	<u>(1,191)</u>	(0.89) %
Operating income (loss)	193,176	425,585	(232,409)	(54.61) %
Non-operating revenues	<u>80,456</u>	<u>133,343</u>	<u>(52,887)</u>	(39.66) %
Change in net assets	<u>\$ 273,632</u>	<u>\$ 558,928</u>	<u>\$ (285,296)</u>	(51.04) %

Analysis of Financial Position and Results of Operations:

- There were no significant changes to the Agency's financial position during 2008.
- The Agency's 2008 net assets increased by approximately \$274,000 as compared to 2007 net assets.
- Promotional donations expense decreased by approximately \$16,000. In addition, Travel and miscellaneous and Repairs and maintenance decreased by approximately \$2,000 and \$4,000, respectively. New for 2008, there was approximately \$13,000 in consulting fees. Other specific expenses increased slightly on a cost-to-continue basis.

Analysis of Balances and Transactions:

- The Agency, an enterprise fund, reported net assets of approximately \$2.3 million, which is approximately \$274,000 greater than last year. This increase was due to an excess of revenue over expenditures for the 2008 year.

Capital Asset and Long-Term Debt Activity:

- The Agency did not purchase any capital assets during the year ended December 31, 2008.
- Long-term liabilities consist of Industrial Access Project loans, which have been guaranteed by the Agency.

**Town of Islip
Industrial Development Agency**

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

December 31, 2008

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Town of Islip Industrial Development Agency

We have audited the accompanying financial statements of the Town of Islip Industrial Development Agency (the "Agency"), a component unit of the Town of Islip, New York, as of and for the year ended December 31, 2008, as listed in the table of contents. These financial statements are the responsibility of the 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 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency as of December 31, 2008 and the respective results of its operations and its cash flows, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2009, on our consideration of the 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 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 our audit.

To the Board of Directors
Town of Islip Industrial Development Agency
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The Management's Discussion and Analysis presented on pages i through iv and the budgetary comparison schedule on page 16 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We 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, we did not audit this information and express no opinion on it.

Sheehan & Company CPA, P. C.

July 7, 2009

Town of Islip Industrial Development Agency

BALANCE SHEET

December 31, 2008

ASSETS

Current assets:

Cash and cash equivalents	\$ 2,275,295
Agency fees receivable	1,000
Industrial Access funds receivable, current portion	<u>38,720</u>
Total current assets	2,315,015

Long-term assets:

Industrial Access funds receivable, less current portion above	135,520
Capital assets, net of depreciation	<u>12,268</u>
Total assets	<u>\$ 2,462,803</u>

LIABILITIES AND NET ASSETS

Current liabilities:

Accrued expenses	\$ 17,651
Due to New York State Department of Transportation, current portion	<u>38,720</u>
Total current liabilities	56,371

Long-term liabilities:

Due to New York State Department of Transportation, less current portion above	<u>135,520</u>
Total liabilities	<u>191,891</u>

Net assets:

Invested in capital, net of related debt	12,268
Unrestricted	<u>2,258,644</u>
Total net assets	<u>2,270,912</u>
Total liabilities and net assets	<u>\$ 2,462,803</u>

See notes to financial statements

Town of Islip Industrial Development Agency

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS

For the Year Ended December 31, 2008

Operating revenue:

Agency fees	\$ 325,480
Processing fees	<u>1,000</u>
Total operating income	<u>326,480</u>

Operating expenses:

Advertising and promotion	28,755
Promotional donations	30,250
Consulting fees	12,696
Procurement Technical Assistance Program	6,250
Office expense/website development	8,775
Dues and subscriptions	4,350
Travel and miscellaneous	7,544
Auditing fees	32,582
Depreciation expense	<u>2,102</u>
Total operating expenses	<u>133,304</u>

Operating income (loss) 193,176

Non-operating revenue:

Interest income	<u>80,456</u>
Change in net assets	273,632

Total net assets, January 1 1,997,280

Total net assets, December 31 \$ 2,270,912

See notes to financial statements

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Town of Islip Industrial Development Agency

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2008

Cash flows from operating activities:

Cash received:

From payments in lieu of taxes	\$ 9,348,556
From providing services	324,480
Processing Fees	1,000

Cash payments:

Payments in lieu of taxes	(9,348,556)
Contractual expenses	<u>(114,801)</u>

Net cash provided by operating activities 210,679

Cash flows from investing activities:

Interest income 80,456

Net cash provided by investing activities 80,456

Net increase in cash and cash equivalents 291,135

Cash and cash equivalents, January 1 1,984,160

Cash and cash equivalents, December 31 \$ 2,275,295

See notes to financial statements

Town of Islip Industrial Development Agency

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2008

**Reconciliation of operating income to net cash
provided by operating activities:**

Operating income \$ 193,176

**Adjustments to reconcile operating income
to net cash provided (used) by operating activities:**

Depreciation 2,102

Changes in assets and liabilities:

(Increase) decrease in Industrial Access
funds receivable 19,360
(Increase) decrease in Agency fees receivable (1,000)
Increase (decrease) accrued expenses 16,401
Increase (decrease) in Due to New York State
Department of Transportation (19,360)

Total adjustments 17,503

Net cash provided by operating activities \$ 210,679

See notes to financial statements

Town of Islip Industrial Development Agency

NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies:

The accompanying financial statements of the Town of Islip Industrial Development Agency (the "Agency") have been prepared in conformity with United States generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Financial reporting entity:

The Agency is a public benefit organization created in 1974 by the New York State Legislature for the purpose of encouraging economic growth within the Town of Islip, New York. It raises funds to accomplish this purpose by issuing negotiable bonds and notes. The Agency's personnel are employees of the Town of Islip. The Town also provides office space on a rent-free basis (see Note 5).

The Agency is governed by a five member Board of Directors and is considered a component unit of the Town of Islip. Its financial information is blended with the Town of Islip's financial statements. The Executive Director of the Agency is the Chief Executive Officer and is appointed by the Agency Board.

All governmental activities and functions performed for the Agency are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity includes functions and activities over which elected Town of Islip officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designations of management and ability to significantly influence operations and accountability for fiscal matters.

Basis of accounting:

The Agency (a proprietary enterprise fund) utilizes the accrual basis of accounting and the flow of all economic resources measurement focus. This basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises and revenues are recorded when earned and expenses are recorded when incurred. Under this basis of accounting and measurement focus; the Agency applies

Town of Islip Industrial Development Agency

NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued):

Basis of accounting (continued):

(a) all GASB Pronouncements and (b) Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions and Accounts Research Bulletins issued on or before November 30, 1989, except those that conflict with, or contradict, GASB Pronouncements.

The Agency has adopted GASB No. 34 "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments". The adoption of Statement No. 34 required the Agency to make changes to the presentation of its basic financial statements in addition to requiring the presentation of the Agency's Management's Discussion and Analysis (MD&A). MD&A is considered to be required supplemental data and precedes the financial statements.

Budgetary data:

An operating budget is adopted each fiscal year. The Executive Director prepares a preliminary budget and it is reviewed and approved by the Agency's Board of Directors. Any budget modifications must be approved by the Board of Directors.

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted by the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Significant estimates include those related to the estimated useful lives of property and equipment.

Cash and cash equivalents:

For purposes of the statement of cash flows, investments with maturities of three months or less when purchased are considered cash equivalents.

Town of Islip Industrial Development Agency

NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued):

Capital assets:

Capital assets are recorded at cost and are depreciated using the straight-line and accelerated cost recovery methods over the estimated useful lives of the assets. It is the Agency's policy to capitalize purchases of capital assets costing over \$5,000 with a useful life of more than one year. Capital assets costing less than \$5,000, or with a useful life of less than one year, are expensed. Generally estimated useful lives are as follows:

Machinery and equipment	3 - 10 years
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Equity classifications:

Equity is classified as net assets and displayed in three components:

- a. **Invested in capital assets, net of related debt:** Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. **Restricted net assets:** Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- c. **Unrestricted net assets:** All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

As of December 31, 2008 all net assets are classified as either unrestricted or invested in capital assets, net of related debt.

Advertising costs:

Advertising costs are charged to operations when incurred.

Income:

Operating income reported in the financial statements includes revenues and expenses related to the primary operations of the fund. Principal operating revenues for proprietary funds are charges to customers for services. Principal operating expenses include administrative expenses. Other revenues and expenses are classified as non-operating in the financial statements.

Town of Islip Industrial Development Agency

NOTES TO FINANCIAL STATEMENTS

2. Conduit debt obligations, Industrial Revenue Bonds and note transactions:

From time to time, the Agency has issued 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 public interest. 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 Agency, the Town, 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, 2008, there were twelve series of Revenue Bonds outstanding, with an aggregate principal amount payable of \$51,618,309 and one note payable in the amount of \$14,367,918 .

3. Payments in lieu of taxes and funds due to municipalities:

The Agency receives payments in lieu of taxes (PILOT) from the borrowing companies. The Agency follows the Suffolk County Tax Act for collection of PILOT payments. PILOT payments are due in two equal installments; the first half is payable on December 1 preceding the year for which the same is levied and the second half is payable May 10, with the first half payable without penalty to January 10 and the second half payable without penalty to May 31. Penalty and interest is charged on late payments on a progressive scale as follows:

<u>Payment Received</u>	<u>Penalty Rates</u>	<u>Interest Rates</u>
After January 10 th	1%	
After February 10 th	2%	
After March 10 th	3%	
After April 10 th	4%	
After May 10 th	5%	
May 11 th thru May 31 st	5%	
Month of June	5%	5%
Month of July	5%	6%
Month of August	5%	7%
Month of September	5%	8%
Month of October	5%	9%
Month of November	5%	10%

Town of Islip Industrial Development Agency

NOTES TO FINANCIAL STATEMENTS

3. Payments in lieu of taxes and funds due to municipalities (continued):

Receipts of PILOT payments are deposited into the general operating bank account and subsequently are disbursed to the appropriate taxing jurisdictions.

4. Cash and cash equivalents:

Cash and cash equivalents (repurchase agreements) of the Agency are pooled for efficient cash management with other funds in a Town of Islip consolidated account.

Custodial credit risk - deposits: Custodial credit risk for deposits exists when, in the event of the failure of a depository financial institution, a government may be unable to recover deposits, or recover collateral securities that are in possession of an outside agency. The Town of Islip's (Town) investment policies are governed by State statutes. In addition, the Town has a written investment policy stating that Town monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks located within the State. The Town's Comptroller is authorized to use demand accounts and certificates of deposit. Permissible investments include time deposit accounts, obligations of the United States and its agencies, obligations of New York State and repurchase agreements of obligations of the United States and its agencies.

Collateral is required for demand deposits and time deposit accounts for at least 102% of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral include obligations of the United States and its agencies and obligations of the State and its municipalities.

GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

- Uncollateralized;
- Collateralized with securities held by the pledging financial institution in the Town's name or;
- Collateralized with securities held by the pledging financial institution's trust department or agent but not in the Town's name.

At December 31, 2008, all items classified as cash and cash equivalents on the balance sheet were fully covered by federal depository insurance or by collateral held by the Town's custodial agents in the Town's name. Periodically, the Town determines that the collateral or underlying securities have an adequate market value and have been segregated.

Town of Islip Industrial Development Agency

NOTES TO FINANCIAL STATEMENTS

5. **Related party transactions:**

The Agency is a component unit of the Town of Islip and its personnel are employees of the Town. All salaries and fringe benefits for Agency personnel are paid by the Town. Additionally, office space is provided to the Agency by the Town of Islip on a rent free basis. The approximate total value of salary and fringe benefits attributable to Town employees as a percentage of time spent on Agency activities was \$161,578 and the estimated fair market rental value of office space provided to the Agency by the Town was \$20,664 for the year ended December 31, 2008.

6. **Lease transactions:**

The Agency assists private-sector companies (the companies) with the acquisition of industrial and commercial facilities deemed to be in the public interest. Upon closing on the properties, the Agency takes title as a fee owner and the companies take title as beneficial owners. The Agency then leases the properties to the companies for a negligible amount, if any. The lease terms usually expire in conjunction with the payments in lieu of taxes of the companies. Since the Agency is a nominal titleholder and the companies hold the Agency harmless in all respects, the leasing transactions are not recorded in the accompanying financial statements.

As of December 31, 2008, there were 73 leases outstanding, at \$1 or less each per year.

7. **Other commitments:**

Industrial Access Projects:

New York State Department of Transportation (the Department) and the Agency entered into agreements for several Industrial Access Projects. The Agency acted as the sponsor of the projects for several private corporations and filed applications with the Department's Regional Director on behalf of the non-governmental entities. Awards are made on a 60 percent grant, 40 percent interest free loan basis. The loan portion must be paid back within five years after the acceptance of the project by the Department. The Agency and the non-governmental entities entered into agreements whereby the non-government entity is to provide the funds for the repayment of the loan from the Department. However, the Agency has guaranteed the payment of the loans, if the private corporations fail to make payments.

Town of Islip Industrial Development Agency

NOTES TO FINANCIAL STATEMENTS

7. **Other commitments (continued):**

Jasco Industries, Inc. - Industrial Access Project - The purpose of this Project is to construct 582 linear feet extension of the existing South Technology Drive, with storm drainage, curbing, lighting and sidewalk improvements to provide access to the planned industrial building for Jasco Industries, Inc., located in the Town of Islip's Empire Zone Industrial Park, in Central Islip, Town of Islip, Suffolk County, New York.

Receivables from the private sector and payables to NYS DOT consist of the following:

	<u>Beginning Balance</u>	<u>Increase/ (Decrease)</u>	<u>Ending Balance</u>
Jasco Industries, Inc.	\$ <u>193,600</u>	(<u>\$19,360</u>)	\$ <u>174,240</u>

The funds are due as follows:

	<u>Jasco Industries, Inc.</u>
2009	\$ 38,720
2010	38,720
2011	38,720
2012	<u>58,080</u>
Total	\$ <u>174,240</u>

Environmental Investment Program:

New York State Department of Economic Development and the Town of Islip Industrial Development Agency (IDA) entered into an agreement for an Environmental Investment Program (EIP). The IDA acted as the sponsor of the project for Crestwood Metals Corporation and filed an application with the Commissioner of Economic Development on behalf of the non-governmental entity. The grant award for this project was in the amount of \$153,679. The grant amount cannot exceed 50% of the total project cost and the balance of the project was to be funded by a bank line of credit.

Town of Islip Industrial Development Agency

NOTES TO FINANCIAL STATEMENTS

7. **Other commitments (continued):**

Environmental Investment Program (continued):

Distributions are payable on a reimbursement basis. New York State Department of Economic Development retains 50% of the total grant awarded until the project is 100% complete. The IDA received \$76,840.50 from the New York State Department of Economic Development Agency and distributed the same amount to Crestwood Metals Corporation. The project was completed in 2009 and the balance of the \$76,840.50 is due and payable in 2009. Therefore, no receivables or payables are reported at December 31, 2008.

8. **Capital assets:**

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Depreciable assets:				
Furniture, fixtures and equipment	\$ 6,678	\$ -	\$ -	\$ 6,678
Automobile	<u>11,499</u>	<u>-</u>	<u>-</u>	<u>11,499</u>
Total depreciable assets	<u>18,177</u>	<u>-</u>	<u>-</u>	<u>18,177</u>
Accumulated depreciation:				
Furniture, fixtures and equipment	(2,338)	(1,336)	-	(3,674)
Automobile	<u>(1,469)</u>	<u>(766)</u>	<u>-</u>	<u>(2,235)</u>
Total accumulated depreciation	<u>(3,807)</u>	<u>(2,102)</u>	<u>-</u>	<u>(5,909)</u>
Depreciable assets, net	<u>\$14,370</u>	<u>\$(2,102)</u>	<u>\$ -</u>	<u>\$12,268</u>

9. **Reconciliation of Budgetary Basis and GAAP:**

The accompanying Budgetary Comparison Schedule presents comparisons of the legally adopted budget with actual data on a budgetary basis. Because accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of resultant basis, timing, perspective, and entity differences in the change in net assets for the year ended December 31, 2008 is presented below:

Town of Islip Industrial Development Agency

NOTES TO FINANCIAL STATEMENTS

9. Reconciliation of Budgetary Basis and GAAP (continued):

Change in net assets (budgetary basis)	\$272,632
Adjustments:	
To adjust revenues for Agency fee accrual	1,000
To adjust expenses for prior year contractual amounts expended in the current year:	
Web site development	8,775
Promotional donations	8,068
Dues and subscriptions	644
Travel and miscellaneous	606
To adjust expenses for amounts encumbered in prior years	
Auditing fees	9,201
Travel and miscellaneous	172
To adjust prior year contractual for amounts expended in the current year	(18,093)
To adjust encumbrances for amounts expended in the current year	<u>(9,373)</u>
Change in net assets (GAAP basis)	<u>\$273,632</u>

Town of Islip Industrial Development Agency

BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2008

	<u>Budgetary Amounts</u>		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
IDA Payments Holding	\$ 8,000,000	\$ 9,362,700	\$ 9,348,556	\$ (14,144)
Interest income	20,000	20,000	80,456	60,456
Agency fees	30,000	30,000	324,480	294,480
Processing Fees	-	-	1,000	1,000
Total revenues	<u>8,050,000</u>	<u>9,412,700</u>	<u>9,754,492</u>	<u>341,792</u>
Expenses:				
Advertising and promotion	30,000	30,000	28,755	1,245
Radio spot	20,000	-	-	-
Promotional donations	50,000	22,182	22,182	-
Procurement Technical Assistance Program	6,300	6,300	6,250	50
Web site development	5,000	5,000	-	5,000
Prior year contractual	-	18,093	18,093	-
Dues and subscriptions	3,500	4,700	3,706	994
Consulting fees	5,000	25,000	12,696	12,304
Travel and miscellaneous	15,000	15,000	6,766	8,234
Auditing fees	24,000	50,618	23,381	27,237
Repairs and maintenance	-	-	-	-
Depreciation expense	-	-	2,102	(2,102)
Prior year reserve for Encumbrances	-	9,373	9,373	-
Sub-total operating expenses	<u>158,800</u>	<u>186,266</u>	<u>133,304</u>	<u>52,962</u>
Office equipment	1,200	1,200	-	1,200
IDA Distributions:				
Town	500,000	500,000	491,603	8,397
County	960,000	1,063,600	1,063,547	53
Special districts	400,000	531,300	531,229	71
Schools	6,000,000	7,097,300	7,097,179	121
Sewer	30,000	42,200	42,184	16
Sewer-benefit	1,000	1,000	344	656
Village of Islandia	4,000	14,000	9,246	4,754
NYS real property tax	50,000	113,300	113,224	76
NYS mandated expenses	<u>55,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses	<u>8,160,000</u>	<u>9,550,166</u>	<u>9,481,860</u>	<u>68,306</u>
Change in net assets	<u>\$ (110,000)</u>	<u>\$ (137,466)</u>	<u>\$ 272,632</u>	<u>\$ 410,098</u>