

ORANGE COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
OF THE COUNTY OF ORANGE, NEW YORK
GOSHEN, NEW YORK
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2008

ORANGE COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
OF THE COUNTY OF ORANGE, NEW YORK
GOSHEN, NEW YORK

TABLE OF CONTENTS

<u>SCHEDULE NUMBER</u>	<u>SCHEDULES</u>	<u>PAGE</u>
	Independent Auditor's Report	1 - 2
	Management Discussion and Analysis	3 - 8
1	Statement of Net Assets	9
2	Statement of Activities	10
3	Statement of Revenues, Expenditures and Changes in Fund Equity - Budget and Actual	11
4	Statement of Cash Flows	12
	Notes to Financial Statements	13 - 16
	<u>SUPPLEMENTAL SCHEDULES</u>	
SS - 1	Schedule of Bonds Outstanding - Conduit Transactions	17
SS - 2	Schedule of Supplemental Information - Bonds/Notes	18 - 19
SS - 3	Schedule of Supplemental Information - Straight Lease	20
SS - 4	Schedule of Supplemental Information - Tax Exemptions Only	21



Nugent & Haeussler, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
ESTABLISHED 1925

101 Bracken Road
Montgomery, New York 12549
Tel (845) 457-1100
Fax (845) 457-1160
e-mail: nh@nhcpas.com

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of
Orange County Industrial Development Agency
County Government Center
Goshen, New York 10924

Peter J. Bullis, CPA, FACFEI, DABFA
Norman M. Sassi, CPA
Christopher E. Melley, CPA
Gary C. Theodore, CPA
Julia R. Fraino, CPA
William T. Trainor, CPA
Mark M. Levy, CPA, CFP
Thomas R. Busse, Jr., CPA

Walter J. Jung, CPA
Brent T. Napoleon, CPA
Jennifer L. Rowe, CPA
Terry Ann Wheeler, CPA

— CONSULTANT —
Randy E. Bullis, CPA, DABFA

We have audited the accompanying financial statements of the Orange County Industrial Development Agency (OCIDA) of the County of Orange, 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 OCIDA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements of the OCIDA of the County of Orange, New York, are intended to present the financial position, and the changes in financial position and cash flows, where applicable, of only that portion of the County of Orange, New York that is attributable to the transactions of the OCIDA. They do not purport to, and do not, present fairly the financial position of County of Orange, New York as of December 31, 2008, and the changes in its financial position and its cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the OCIDA of the County of Orange, New York as of December 31, 2008, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 11 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 the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the OCIDA's basic financial statements. The supplemental Schedules on pages 17 - 21 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


NUGENT & HAEUSSLER, P. C.

March 16, 2009

ORANGE COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
OF THE COUNTY OF ORANGE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Orange County Industrial Development Agency's (OCIDA) annual financial report presents an analysis of the OCIDA's financial performance during the fiscal year ended December 31, 2008. This information is presented in conjunction with the audited basic financial statements, which follow this section. Additional information is available in the auditor's opinion letter which precedes management's discussion and analysis.

FINANCIAL HIGHLIGHTS FOR THE YEAR 2008

- The OCIDA's net assets increased by \$1,748,086 from \$6,083,293 to \$7,831,379.
- Operating revenues increased by \$1,037,619 from \$1,517,055 to \$2,554,674.
- Operating expenses decreased by \$508,305 from \$1,314,893 to \$806,588.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of the following three parts; Management's Discussion and Analysis, Basic Financial Statements and Other Required Supplementary Information. The Financial Statements include notes which explain in detail some of the information included in the basic financial statements.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the OCIDA report information utilizing the full accrual basis of accounting. The Financial Statements conform to accounting principles which are generally accepted in the United States of America. The Statement of Net Assets include information on the OCIDA's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to OCIDA creditors (liabilities). The Statement of Activities identify the OCIDA's revenues and expenses for the year ended December 31, 2008. This statement provides information on the OCIDA's operations over the past year and can be used to determine whether the OCIDA has operated in a surplus or deficiency. The third financial statement is the Statement of Cash Flows. This statement provides information on the OCIDA's cash receipts, cash payments and changes in cash resulting from operations, investments and financing activities. From the Statement of Cash Flows, the reader can obtain information on the source and use of cash and the change in the cash and cash equivalents balance for the year.

FINANCIAL ANALYSIS OF THE AGENCY

The Statements of Net Assets and the Statements of Activities provide an indication of the OCIDA's financial condition and also indicate that the financial condition of the OCIDA has improved or deteriorated during the last year. The OCIDA's net assets reflect the difference between assets and liabilities. An increase in net assets over time typically indicates an improvement in financial condition.

ORANGE COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
OF THE COUNTY OF ORANGE, NEW YORK
MANAGEMENT DISCUSSION AND ANALYSIS

Net Assets

A. Summary of the OCIDA's statements of net assets is presented below:

Table 1
Statement of Net Assets

	<u>2008</u>	<u>2007</u>	<u>Dollar Change</u>
<u>Current Assets</u>			
Cash	\$ 6,908,210.	\$ 5,537,865.	\$ 1,370,345.
Accounts Receivable - Insurance Premiums	0.	5,078.	(5,078.)
Accrued Interest	14,240.	41,760.	(27,520.)
Prepaid Expenses	40,700.	3,860.	36,840.
Note Receivable	258,083.	0.	258,083.
Investment in OCCDC Fund #1	463,861.	485,928.	(22,067.)
Development Costs	161,750.	22,926.	138,824.
TOTAL ASSETS	<u>7,846,844.</u>	<u>6,097,417.</u>	<u>1,749,427.</u>
<u>Current Liabilities</u>			
Accounts Payable	10,465.	14,124.	(3,659.)
Accrued Liabilities	5,000.	0.	5,000.
<u>Net Assets</u>			
Unrestricted Net Assets	<u>7,831,379.</u>	<u>6,083,293.</u>	<u>1,748,086.</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,896,844.</u>	<u>\$ 6,097,417.</u>	<u>\$ 1,749,427.</u>

As the above table indicates, net assets increased by \$1,748,086. from \$6,083,293. to \$7,831,379. during the year ended December 31, 2008.

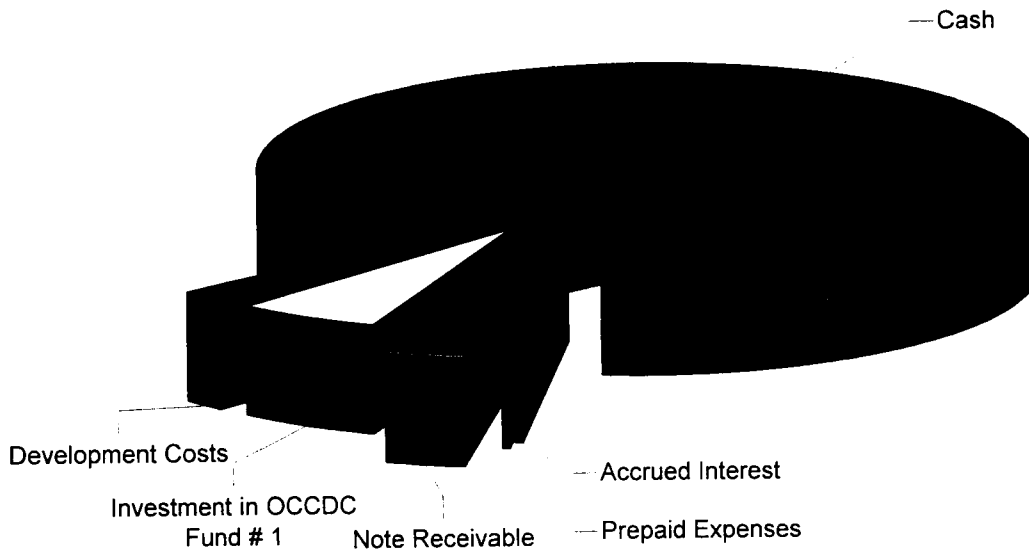
Table 2
Statement of Activities

	<u>2008</u>	<u>2007</u>	<u>Dollar Change</u>
Fees	\$ 1,880,387.	\$ 1,207,230.	\$ 673,157.
Insurance Premiums	0.	21,988.	(21,988.)
Interest Earnings	209,266.	277,191.	(67,925.)
Pass Through Legal Fees	22,500.	26,500.	(4,000.)
Recovered Funds DOTGrant	209,268.	0.	209,268.
Recovered Funds Breonics, Inc.	258,083.	0.	258,083.
Loss on Investment	(24,853.)	(15,854.)	(8,999.)
Miscellaneous	23.	0.	23.
TOTAL REVENUES	<u>\$ 2,554,674.</u>	<u>\$ 1,517,055.</u>	<u>\$ 1,037,619.</u>
Contractual Expenditures	\$ 195,766.	\$ 159,897.	\$ 35,869.
Grants	605,744.	994,996.	(389,252.)
Bad Debt Expense	5,078.	160,000.	(154,922.)
TOTAL EXPENDITURES	<u>\$ 806,588.</u>	<u>\$ 1,314,893.</u>	<u>\$ (508,305.)</u>

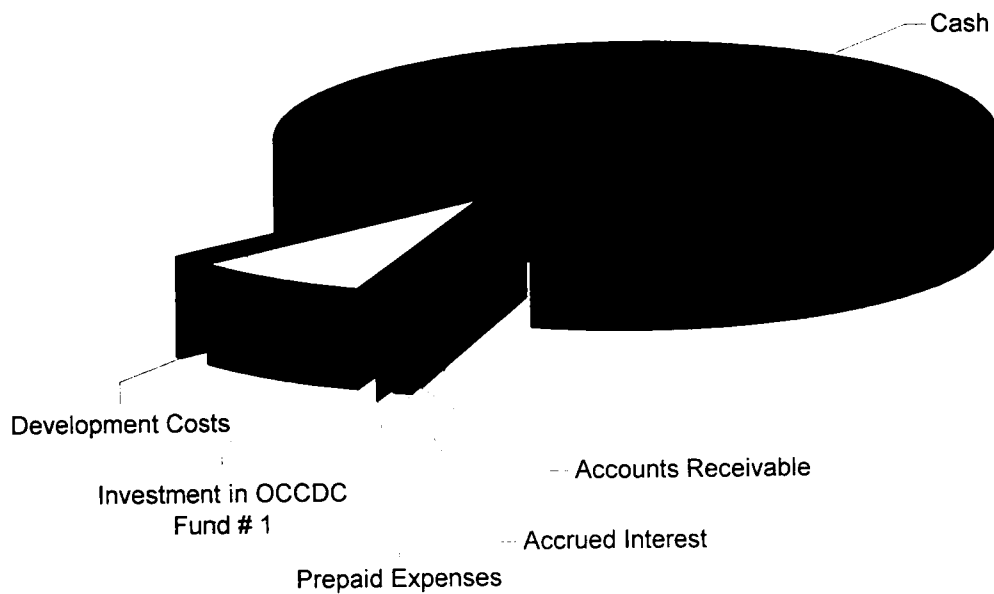
ORANGE COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
OF THE COUNTY OF ORANGE, NEW YORK

MANAGEMENT DISCUSSION AND ANALYSIS

Breakdown of Assets 2008



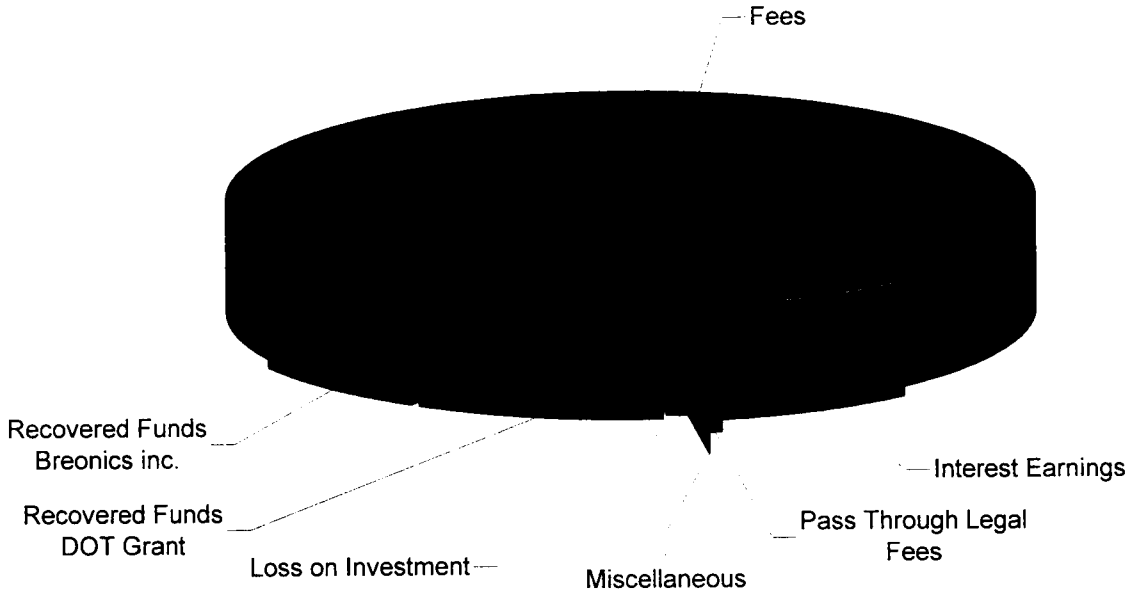
Breakdown of Assets 2007



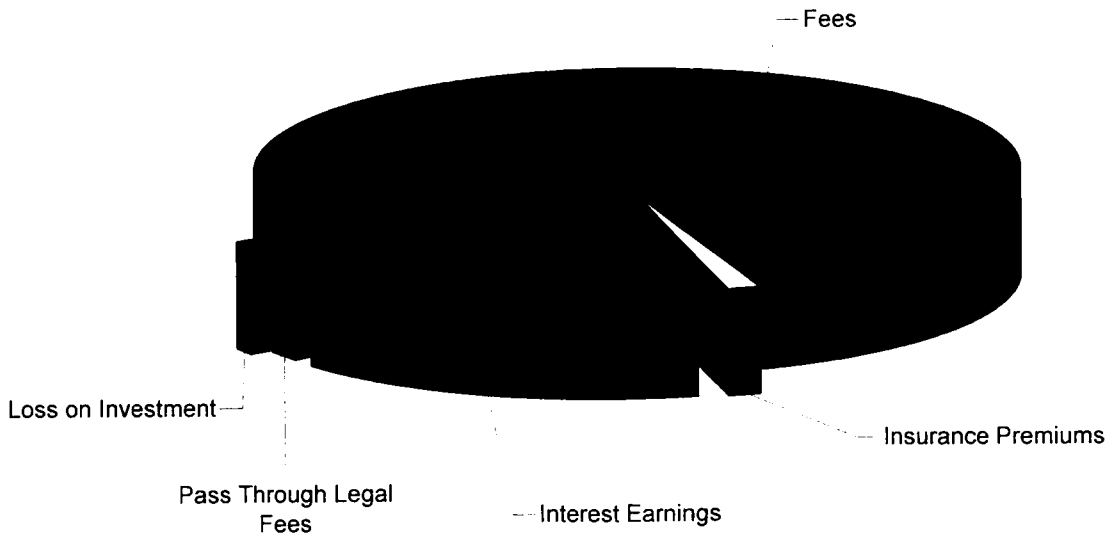
ORANGE COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
OF THE COUNTY OF ORANGE, NEW YORK

MANAGEMENT DISCUSSION AND ANALYSIS

Breakdown of Revenue for 2008



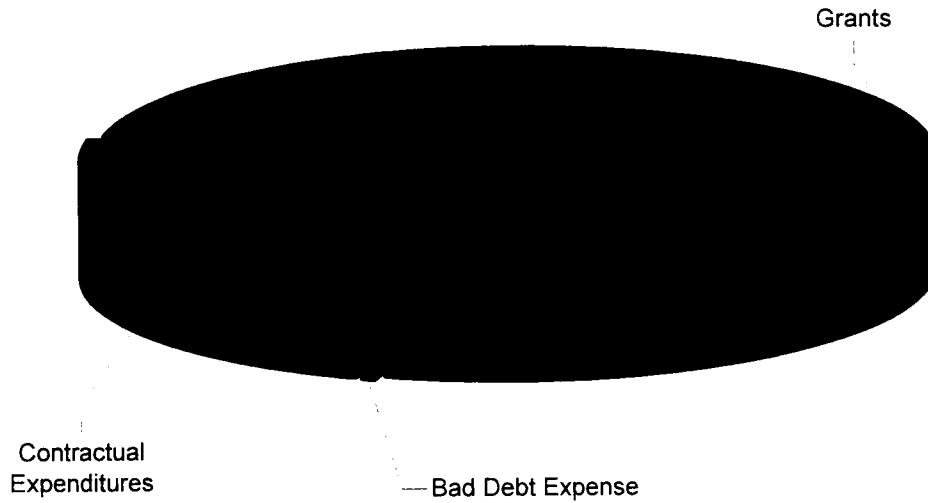
Breakdown of Revenue for 2007



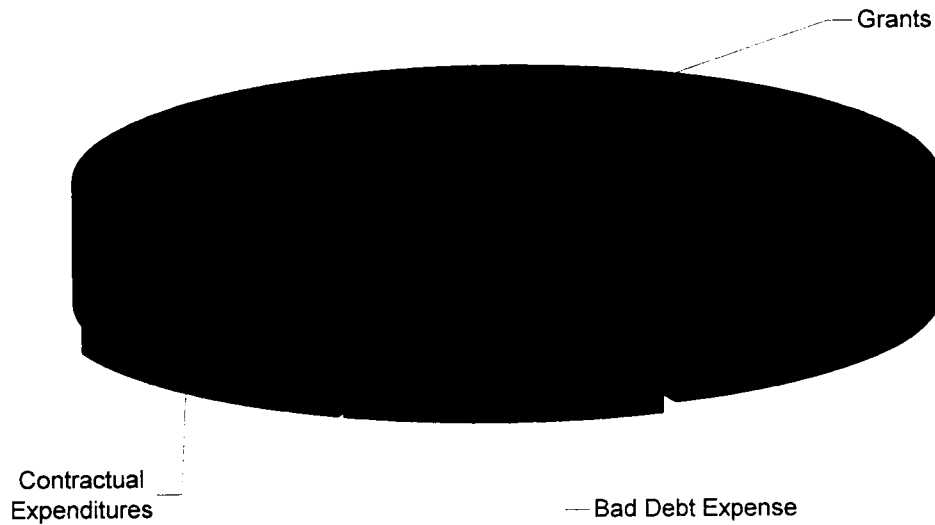
ORANGE COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
OF THE COUNTY OF ORANGE, NEW YORK

MANAGEMENT DISCUSSION AND ANALYSIS

Breakdown of Expenditures for 2008



Breakdown of Expenditures for 2007



ORANGE COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
OF THE COUNTY OF ORANGE, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS

The statement of activities identifies the various revenue and expense items which affect the change in net assets. As the information in Table 2 indicates, income increased by \$1,037,619, and expenditures decreased by \$508,305.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide the OCIDA's customers, and other interested parties with an overview of the OCIDA's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Orange County Industrial Development Agency at County Government Center, Goshen, New York 10924.

ORANGE COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
OF THE COUNTY OF ORANGE, NEW YORK
GOSHEN, NEW YORK
STATEMENT OF NET ASSETS
DECEMBER 31, 2008

ASSETS

CURRENT ASSETS

Cash	\$ 6,908,210.
Accrued Interest	14,240.
Prepaid Expenses	40,700.
Note Receivable	<u>258,083.</u>
TOTAL CURRENT ASSETS	7,221,233.

OTHER ASSETS

Investment - OCCDC Fund #1	463,861.
Development Costs	<u>161,750.</u>
TOTAL OTHER ASSETS	<u>\$ 625,611.</u>
TOTAL ASSETS	<u><u>7,846,844.</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 10,465.
Accrued Liabilities	<u>5,000.</u>
TOTAL LIABILITIES	<u>15,465.</u>

NET ASSETS

Unrestricted – Undesignated	6,939,828.
Designated	<u>891,551.</u>
TOTAL NET ASSETS	<u>7,831,379.</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 7,846,844.</u></u>

See notes to financial statements.

ORANGE COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
OF THE COUNTY OF ORANGE, NEW YORK
GOSHEN, NEW YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008

<u>FUNCTIONS/ PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES CHARGES FOR SERVICES</u>	<u>CHANGES IN NET ASSETS</u>
General Support	<u>\$ (806,588.)</u>	<u>\$ 2,370,261.</u>	\$ 1,563,673.
 <u>GENERAL REVENUES</u>			
Use of Money and Property			\$ 209,266.
Loss on Investment			<u>(24,853.)</u>
TOTAL GENERAL REVENUES			<u>184,413.</u>
CHANGE IN NET ASSETS			1,748,086.
TOTAL NET ASSETS, BEGINNING OF YEAR			<u>6,083,293.</u>
TOTAL NET ASSETS, END OF YEAR			<u>\$ 7,831,379.</u>

See accompanying notes to financial statements.

ORANGE COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
OF THE COUNTY OF ORANGE, NEW YORK
GOSHEN, NEW YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE (UNFAVORABLE)</u>
<u>REVENUES</u>			
Fees	\$ 1,442,500.	\$ 1,880,387.	\$ 437,887.
Insurance Premiums	15,000.	0.	(15,000.)
Interest Earnings	175,000.	209,266.	34,266.
Pass Through Legal Fees	12,500.	22,500.	10,000.
Miscellaneous	0.	23.	23.
Recovered funds DOT Grant	250,000.	209,268.	(40,732.)
Recovered funds Breonics, Inc.	0.	258,083.	258,083.
Loss on Investment	<u>0.</u>	<u>(24,853.)</u>	<u>(24,853.)</u>
 TOTAL REVENUES AND OTHER SOURCES	 <u>1,895,000.</u>	 <u>2,554,674.</u>	 <u>659,674.</u>
 <u>EXPENDITURES AND OTHER USES</u>			
Contractual/Administrative Expenses	705,140.	195,766.	509,374.
Grants	854,980.	605,744.	249,236.
Bad Debt Expense	<u>0.</u>	<u>5,078.</u>	<u>(5,078.)</u>
 TOTAL EXPENDITURES AND OTHER USES	 <u>1,560,120.</u>	 <u>806,588.</u>	 <u>753,532.</u>
 EXCESS (DEFICIENCY) REVENUES OVER EXPENDITURES	 <u>\$ 334,880.</u>	 1,748,086.	 <u>\$ 1,413,206.</u>
 FUND EQUITY, BEGINNING		 <u>6,083,293.</u>	
 FUND EQUITY, ENDING		 <u>\$ 7,831,379.</u>	

See notes to financial statements.

ORANGE COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
GOSHEN, NEW YORK
OF THE COUNTY OF ORANGE, NEW YORK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		\$ 1,748,086.
Increase in Net Assets		
(Increase) Decrease in Operating Assets:		
Accounts Receivable - Insurance Premiums	\$ 5,078.	
Accrued Interest	27,520.	
Prepaid Expenses	(36,840.)	
Note Receivable	(258,083.)	
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(3,659.)	
Accrued Liabilities	<u>5,000.</u>	<u>(260,984.)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		1,487,102.
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Development Costs	(138,824.)	
Loss From Investment	<u>22,067.</u>	
NET CASH USED IN INVESTING ACTIVITIES		<u>(116,757.)</u>
NET INCREASE IN CASH		1,370,345.
CASH AT BEGINNING OF YEAR		<u>5,537,865.</u>
CASH AT END OF YEAR		<u>\$ 6,908,210.</u>

See notes to financial statements.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
OF COUNTY OF ORANGE, NEW YORK
GOSHEN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

The financial statements of the OCIDA have been prepared in conformity with generally accepted accounting principles (GAAP). Significant accounting policies are:

Organization and Purpose

The OCIDA was created for the purpose of encouraging economic growth in Orange County. It helps with financing arrangements, and has the authority to grant mortgage and sales tax exemptions. The OCIDA is exempt from Federal, State and local income taxes. The OCIDA, although established by the County of Orange, is a separate entity and operates independently of the County of Orange. For financial statement reporting, the Orange County Industrial Development Agency is a component unit of the County of Orange.

The accompanying general purpose financial statements comply with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," in that the financial statements include all organizations, activities, and functions that comprise the OCIDA. Component units are legally separate entities for which the OCIDA (the primary entity) is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the OCIDA's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the OCIDA. Using these criteria, the OCIDA has no component units.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
OF THE COUNTY OF ORANGE, NEW YORK
GOSHEN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Accounting

The OCIDA uses the general fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The OCIDA only uses one governmental fund, the General Fund.

General Fund - The general fund is used to account for all financial resources of the OCIDA. The general fund balance is available to the OCIDA for any purpose provided it is expended or transferred according to the general laws of New York and the bylaws of the OCIDA.

Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each part gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Nonexchange transactions, in which the OCIDA receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the OCIDA must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the OCIDA on a reimbursement basis.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decrease in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
OF THE COUNTY OF ORANGE, NEW YORK
GOSHEN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES. (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

NOTE 2. CASH AND CASH EQUIVALENTS.

The OCIDA's investment policies are governed by State statutes. OCIDA monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The organization is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U. S. Treasury, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit 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 State and its municipalities and school districts.

Deposits are categorized as either (1) insured by FDIC insurance, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the organization's name or (3) uncollateralized.

Total financial institution (bank) balances at December 31, 2008, per the bank were \$6,908,210. These deposits are categorized as follows:

<u>1</u>	<u>2</u>	<u>3</u>	<u>Carrying Value</u>
\$ 763,039	\$ 6,145,171	\$ 0	\$ 6,908,210

It is the OCIDA's policy to invest all extra cash into demand deposits and certificates of deposit.

NOTE 3. LOAN RECEIVABLE.

During 2007, the OCIDA received a court order judgement against Breonics, Inc. The OCIDA was supposed to receive \$233,447 from Breonics, Inc. As of December 31, 2007, the OCIDA's management determined that the judgment against Breonics, Inc. was uncollectible and had written off the balance of the loan.

In 2008, the owner of Breonics, Inc. and the OCIDA created a settlement agreement to satisfy the judgment against Breonics, Inc. In the new settlement agreement, the OCIDA will receive \$258,083, consisting of \$25,000 cash and \$233,083 of debt that could be convertible into an ownership percentage in Breonics, Inc. The \$233,083 of convertible debt is to be paid by October 15, 2009 or converted to Breonics, Inc. preferred capital stock.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
OF THE COUNTY OF ORANGE, NEW YORK
GOSHEN, NEW YORK
NOTES TO FINANCIAL STATEMENTS

NOTE 4. INVESTMENT IN ORANGE COUNTY CAPITAL DEVELOPMENT CORP.
FUND #1, L.P.

OCIDA has acquired an 80% ownership interest, for \$500,000.00, in the Orange County Capital Development Corp. Fund #1, LP (OCCDC Fund #1, LP). It is not practicable to estimate the fair value of this investment because there is no established market for this investment. This investment is accounted for under the equity method, where the OCIDA includes in its financial statements, its proportionate share of the net income or loss reported by OCCDC Fund #1, LP for the period.

NOTE 5. DEVELOPMENT COSTS

Development costs represent expenditures, as of December 31, 2008, relating to the acquisition of 58.6 acres and 283 acres, on Drury Lane, Newburgh, NY.

NOTE 6. SCHEDULE OF BONDS OUTSTANDING.

Orange County Industrial Development Agency helps arrange financing for various commercial ventures in Orange County. These transactions are considered "conduit" transactions because the financing is arranged through the OCIDA but not done by the OCIDA. Consequently, these transactions are not reflected on the books and records of the OCIDA. A supplemental schedule of these transactions is provided on the following page.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
OF THE COUNTY OF ORANGE, NEW YORK
GOSHEN, NEW YORK
SCHEDULE OF BONDS OUTSTANDING
CONDUIT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2008

<u>PROJECT</u>	<u>12/31/07 BALANCE</u>	<u>ISSUED</u>	<u>PRINCIPAL PAID</u>	<u>12/31/08 BALANCE</u>
BHK of America	\$ 323,839.	\$ 0.	\$ 99,000.	\$ 224,839.
Blaser Real Estate and Blaser Swisslube	3,000,000.	0.	3,000,00.	0.
Orange County Mental Health Retardation Properties	410,000.	0.	90,000.	320,000.
Crystal Run Village	3,537,500.	0.	260,000.	3,277,500.
**Glen Arden, Inc.	24,275,000.	0.	580,000.	23,695,000.
Leentjes Amusements	1,720,097.	0.	58,121.	1,661,976.
*Tuxedo Place, L.P.	10,500,00.	0.	0.	10,500,00.
Tuxedo Park School	6,000,000.	0.	0.	6,000,000.
St. Lukes Cornwall Hospital	23,895,000.	0.	1,390,000.	22,505,000.
Orange Regional Medical Center	<u>31,680,000.</u>	<u>0.</u>	<u>31,680,00.</u>	<u>0.</u>
	<u>\$ 105,341,436.</u>	<u>\$ 0.</u>	<u>\$ 37,157,121.</u>	<u>\$ 68,184,315.</u>

* Denotes that project did not respond to confirmation request.

**Beginning balance has been increased by \$666,424. The balance was increased due to inaccurate information on the prior year confirmation.

See notes to financial statements.

**ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
 SCHEDULE OF SUPPLEMENTAL INFORMATION
 BONDS/NOTES
 FOR THE YEAR ENDED DECEMBER 31, 2008**

Project Purpose codes							
1. Services		4. Wholesale Trade		7. Transportation, Communication, Electric, Gas, and Sanitary Services			
2. Construction		5. Retail Trade		8. Other (specify)			
3. Agriculture, Forestry, Fishing		6. Finance, Insurance and Real Estate		9. Manufacturing			
No.	Project Code	Name of Project, Project Owner and Address	Purpose	Total Project Amount	Benefitted Project Amount	Bond/Note Amount	New Tax Revenues if No Exemptions Granted*
1.	33050605A	IBM New Orchard Road Armonk, NY 10504	9	47.3M	47.3M	47.3M	623,000
2.	33058501A	BHK of America PO Box 37 Central Valley, NY 10917	9	1.8M	1.8M	1.8M	111,716
3.	33058601A	Blaser Swisslube 31 Hatfield Lane Goshen, NY 10924	9	6.5M	6.5M	6.5M	137,467
4.	33059101A	Orange County Mental Retardation 245 Broadway Newburgh, NY 12550	1	4.46M	4.46M	4.46M	0
5.	33059401A	Glenn Arden Life Care 46 Harriman Drive Goshen, NY 10924	1	28.02M	28.02M	28.02M	0
*6.	33059902A	Tuxedo Place L.P. 27 Route 210 Stoney Point, NY 10980	1				21,908

* Denotes that project did not respond to confirmation request.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTAL INFORMATION
BONDS/NOTES
FOR THE YEAR ENDED DECEMBER 31, 2008

TAX EXEMPTIONS						
No.	Sales Tax Exemptions		Real Property Tax Exemptions			Total Exemptions
	State	Local	County	Local	School	
1.	0	0	155,750	99,680	367,570	623,000
2.	0	0	14,827	11,860	85,029	111,716
3.	0	0	22,690	6,930	107,847	137,467
4.	0	0	0	0	0	0
5.	0	0	55,722	97,428	157,616	310,766
6.	0	0	4,351	5,538	12,019	21,908

* Denotes that project did not respond to confirmation request.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTAL INFORMATION
BONDS/NOTES
FOR THE YEAR ENDED DECEMBER 31, 2008

PAYMENTS IN LIEU OF TAXES (PILOTS)				
No.	County	Local	School	Total PILOTS
1.	0	0	0	0
2.	0	0	0	0
3.	0	0	0	0
4.	0	0	0	0
5.	55,722	97,428	157,616	310,766
6.	0	0	0	0

* Denotes that project did not respond to confirmation request.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTAL INFORMATION - BONDS/NOTES
FULL TIME EQUIVALENT (FTE) JOBS CREATED AND RETAINED
FOR THE YEAR ENDED DECEMBER 31, 2008

No.	# 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
1.	3	130	2	555	0
2.	0	0	0	4	0
3.	0	20	0	37	0
4.	0	0	0	0	0
5.	0	0	0	86	0
6.	0	0	0	0	0

* Denotes that project did not respond to confirmation request.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTAL INFORMATION
BONDS/NOTES
FOR THE YEAR ENDED DECEMBER 31, 2008

Project Purpose codes							
1. Services		4. Wholesale Trade		7. Transportation, Communication, Electric, Gas, and Sanitary Services			
2. Construction		5. Retail Trade		8. Other (specify)			
3. Agriculture, Forestry, Fishing		6. Finance, Insurance and Real Estate		9. Manufacturing			
No.	Project Code	Name of Project, Project Owner and Address	Purpose	Total Project Amount	Benefitted Project Amount	Bond/Note Amount	New Tax Revenues if No Exemptions Granted*
7.	33059901A	Tuxedo Park School Mountain Farm Road Tuxedo Park, NY 10987	8	6M	6M	6M	0
8.	33050201A	Orange Regional Medical Center 60 Prospect Avenue Middletown, NY 10940	1	48.95M	48.95M	48.95M	0
9.	33050604A	Crystal Run Village 601 Stoney Ford Road Middletown, NY 10941	1	3.855M	3.855M	3.855M	0
10.	33050603A	St. Lukes Cornwall Hospital 70 Dubois Street Newburgh, NY 12550	1	26.92M	26.92M	26.92M	0

* Denotes that project did not respond to confirmation request.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTAL INFORMATION
BONDS/NOTES
FOR THE YEAR ENDED DECEMBER 31, 2008

TAX EXEMPTIONS						
No.	<u>Sales Tax Exemptions</u>		<u>Real Property Tax Exemptions</u>			Total Exemptions
	State	Local	County	Local	School	
7.	0	0	0	0	0	0
8.	0	0	23,218	0	17,895	41,113
9.	0	0	0	0	949	949
10.	0	0	0	0	0	0

* Denotes that project did not respond to confirmation request.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTAL INFORMATION
BONDS/NOTES
FOR THE YEAR ENDED DECEMBER 31, 2008

PAYMENTS IN LIEU OF TAXES (PILOTS)				
No.	County	Local	School	Total PILOTS
7.	0	0	0	0
8.	23,218	0	17,895	41,113
9.	0	0	949	949
10.	0	0	0	0

* Denotes that project did not respond to confirmation request.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTAL INFORMATION - BONDS/NOTES
FULL TIME EQUIVALENT (FTE) JOBS CREATED AND RETAINED
FOR THE YEAR ENDED DECEMBER 31, 2008

No.	# 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
7.	43	3	43	47	0
8.	0	0	0	2108	0
9.	63	0	63	69	0
10.	55	0	0	68	0

* Denotes that project did not respond to confirmation request.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTAL INFORMATION - STRAIGHT LEASE
FOR THE YEAR ENDED DECEMBER 31, 2008

<u>Project Purpose Codes</u>						
1. Services		4. Wholesale Trade		7. Transportation, Communication, Electric, Gas, and Sanitary Services		
2. Construction		5. Retail Trade		8. Other (specify)		
3. Agriculture, Forestry, Fishing		6. Finance, Insurance and Real Estate		9. Manufacturing		
No.	Project Code	Name of Project, Project Owner and Address	Purpose	Total Amount of Lease	New Tax Revenues If No Exemptions Granted*	Method of Financial Assistance Utilized by Project, Other than Tax Exemptions Claimed by Project (Identify amount and type)
1.	33050609A	Orange County Chamber Of Commerce 11 Racquet Road Newburgh, NY 12550	1	3.4M	108,544	
2.	33050606A	Millennium Pipeline PO BOX 1565 Pearl River, NY 10965	7	80.7M	0	
3.	33050607A	Orange County Choppers, Inc. 10 Factory Street Montgomery, NY 12549	9	13.4M	400,404	
4.	33050602A	Leentjes Amusements 109 Brookside Avenue Chester, NY 10918	8	4.122M	2,282	
5.	33050612A	Millwood Place, LLC PO Box 7417 Newburgh, NY 12550	8	8.069M	169,962	
6.	33050709A	Airport Properties II 1 Express Drive Newburgh, NY 12550	1	15.179M	131,963	
7.	33050809A	Airport Properties VIII 1 Express Drive Newburgh, NY 12550	1	7.863M	0	
8.	33050801A	CRH Realty II, LLC 155 Crystal Run Road Middletown, NY 10941	6	0	535,124	
9.	33050806A	First Columbia 4LA 22 Century Dr. Suite 301 Latham, NY 12110	1	0	3,563	
10.	33050701A	FW Webb Co. 17 Erie Blvd Albany, NY 12204	1	3.9M	0	
11.	33050804A	Wawayanda Acquisitions, LLC One Medline Place Mundelein, IL 60060	1	31.0M	0	

* Denotes that project did not respond to confirmation request.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTAL INFORMATION - STRAIGHT LEASE
FOR THE YEAR ENDED DECEMBER 31, 2008

TAX EXEMPTIONS						
No.	<u>Sales Tax Exemptions</u>		<u>Real Property Tax Exemptions</u>			Total Exemptions
	State	Local	County	Local	School	
1.	58,520	45,719	627	604	3,074	108,544
2.	0	0	27,950	20,100	164,950	213,000
3.	187,457	193,315	2,257	2,195	15,180	400,404
4.	0	0	1,747	1,353	11,780	14,880
5.	0	0	4,451	6,000	159,511	169,962
6.	69,980	74,353	0	0	0	144,333
7.	0	0	0	0	0	0
8.	284,069	243,488	0	0	7,567	535,124
9.	0	0	954	0	2,609	3,563
10.	0	0	0	0	0	0
11.	0	0	0	0	0	0

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTAL INFORMATION - STRAIGHT LEASE
FOR THE YEAR ENDED DECEMBER 31, 2008

PAYMENTS IN LIEU OF TAXES (PILOTS)				
No.	County	Local	School	Total PILOTS
1.	0	0	0	0
2.	27,950	20,100	164,950	213,000
3.	0	0	0	0
4.	1,578	1,111	9,909	12,598
5.	0	0	0	0
6.	0	0	12,370	12,370
7.	0	0	0	0
8.	0	0	0	0
9.	0	0	0	0
10.	0	0	0	0
11.	0	0	0	0

* Denotes that project did not respond to confirmation request.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTAL INFORMATION - STRAIGHT LEASE
FULL TIME EQUIVALENT (FTE) JOBS CREATED AND RETAINED
FOR THE YEAR ENDED DECEMBER 31, 2008

No.	# 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
1.	15	4	15	17	0
2.	0	350	0	13	330
3.	0	100	0	67	50
4.	2	30	2	40	0
5.	0	35	0	25	35
6.	0	49	0	29	0
7.	0	20	0	0	0
8.	0	0	0	0	133
9.	0	80	0	0	0
10.	0	10	0	0	0
11.	0	69	0	0	0

* Denotes that project did not respond to confirmation request.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTAL INFORMATION - TAX EXEMPTIONS ONLY
FOR THE YEAR ENDED DECEMBER 31, 2008

<u>Project Purpose Codes</u>						
1. Services		4. Wholesale Trade		7. Transportation, Communication, Electric, Gas, and Sanitary Services		
2. Construction		5. Retail Trade		8. Other (specify)		
3. Agriculture, Forestry, Fishing		6. Finance, Insurance and Real Estate		9. Manufacturing		
No.	Project Code	Name of Project, Project Owner and Address	Purpose	Total Amount of Project	New Tax Revenues If No Exemptions Granted*	Method of Financial Assistance Utilized by Project, Other than Tax Exemptions Claimed by Project (Identify amount and type)
1.	33050802A	Matthew Street Properties PO Box 668 Pine Bush, Ny 12566	6	2.15M	50,000	
2.	33050804A	West Point Housing, LLC 10 Campus Blvd. Newton Square, PA 19073	1	213.247M	0	

* Denotes that project did not respond to confirmation request.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTAL INFORMATION - TAX EXEMPTION ONLY
FOR THE YEAR ENDED DECEMBER 31, 2008

TAX EXEMPTIONS						
No.	<u>Sales Tax Exemptions</u>		<u>Real Property Tax Exemptions</u>			Total Exemptions
	State	Local	County	Local	School	
1.	50,000	0	0	0	0	50,000
2.	0	0	0	0	0	0

* Denotes that project did not respond to confirmation request.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTAL INFORMATION - TAX EXEMPTIONS ONLY
FOR THE YEAR ENDED DECEMBER 31, 2008

PAYMENTS IN LIEU OF TAXES (PILOTS)				
No.	County	Local	School	Total PILOTS
1.	0	0	0	0
2.	0	0	0	0

* Denotes that project did not respond to confirmation request.

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF SUPPLEMENTAL INFORMATION - TAX EXEMPTIONS ONLY
FULL TIME EQUIVALENT (FTE) JOBS CREATED AND RETAINED
FOR THE YEAR ENDED DECEMBER 31, 2008

No.	# 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
1.	0	20	0	0	20
2.	0	0	0	0	0

* Denotes that project did not respond to confirmation request.



Nugent & Haeussler, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
ESTABLISHED 1925

101 Bracken Road
Montgomery, New York 12549
Tel (845) 457-1100
Fax (845) 457-1160
e-mail: nh@nhcpas.com

February 26, 2009

To the Members of the Board of
Orange County Industrial Development Agency
County Government Center
Goshen, New York 10924

Peter J. Bullis, CPA, FACFEI, DABFA
Norman M. Sassi, CPA
Christopher E. Melley, CPA
Gary C. Theodore, CPA
Julia R. Fraino, CPA
William T. Trainor, CPA
Mark M. Levy, CPA, CFP
Thomas R. Busse, Jr., CPA

Walter J. Jung, CPA
Brent T. Napoleon, CPA
Jennifer L. Rowe, CPA
Terry Ann Wheeler, CPA

— CONSULTANT —
Randy E. Bullis, CPA, DABFA

We have audited the financial statements of Orange County Industrial Development Agency for the year ended December 31, 2008, and have issued our report thereon dated February 26, 2009. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by us.

As part of our audit, we considered the internal control of Orange County Industrial Development Agency. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Orange County Industrial Development Agency are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by the Organization during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Orange County Industrial Development Agency that could potentially cause future financial statements to be materially misstated, even though we have concluded that such adjustments are not material to the current financial statements. We proposed no audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on the Orange County Industrial Development Agency's financial reporting process.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's general purpose financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Orange County Industrial Development Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the management of Orange County Industrial Development Agency and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,


NUGENT & HAEUSSLER, P.C.