

**TOWN OF ISLIP INDUSTRIAL
DEVELOPMENT AGENCY**

AUDITED FINANCIAL STATEMENTS

Year Ended December 31, 2010

**TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
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INDEPENDENT AUDITORS' REPORT

Honorable Agency Board
Town of Islip Industrial Development Agency
Islip, New York

We have audited the accompanying financial statements of the business-type activities of the Town of Islip Industrial Development Agency (the "Agency"), a component unit of the Town of Islip, New York, as of December 31, 2010, which collectively comprise the Agency's basic financial statements 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 business-type activities of the Agency, as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, 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 June 10, 2011, 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 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.

PERSONAL SERVICE. TRUSTED ADVICE.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's financial statements as a whole. The accompanying budgetary comparison information, and schedule of bond, notes and leases is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of bond, notes and leases has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The budgetary comparison information have 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 them.

Albrecht, Vignano, Zurek & Co., P.C.

Hauppauge, New York
June 10, 2011

REQUIRED SUPPLEMENTARY INFORMATION
Management's Discussion and Analysis

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2010

This section presents management's analysis of the Town of Islip Industrial Development Agency's (the "Agency"), a component unit of the Town of Islip, New York (the "Town") financial condition and activity for the year ended December 31, 2010. Please read this information in conjunction with the financial statements.

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 on a rent free basis.

FINANCIAL HIGHLIGHTS

- The assets of the Agency exceeded its liabilities at the close of 2010 by \$1,917,897 (net assets).
- The Agency's total net assets decreased by approximately \$265,777 (or 12%) in 2010.
- As of December 31, 2010, the unrestricted portion of net assets for the Agency was approximately \$1,909,833.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis ("MD&A") serves as an introduction to the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of the Agency's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Agency's strategic plan, operating plan, bond covenants and other management tools were used for this analysis.

The financial statements report information about the Agency, which is an enterprise-type fund. The Agency applies full accrual accounting methods as used by similar business activities in the private sector. The statements offer short and long-term financial information.

The financial statements include the statement of net assets, statement of activities and changes in net assets, statement of cash flows and notes to the financial statements. The statement of net assets includes all of the Agency's assets and liabilities, and provides information about the nature and amount of investments.

The statement of activities and changes in net assets presents the results of the Agency's activities over the course of the year and information as to how the net assets changed during the year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides information about whether the Agency has successfully recovered its costs through its user fees and other charges.

The statement of cash flows presents changes in cash and cash equivalents resulting from operating and other activities.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Agency's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2010

FINANCIAL ANALYSIS OF THE AGENCY

One of the most important objectives of the financial analysis is to determine if the Agency, as a whole, is better or worse off as a result of the year's activities. The statements of net assets and the statements of activities and changes in net assets provide useful information in this regard. The statements report the net assets of the Agency and changes in these net assets. The amount of net assets, the difference between total assets and liabilities, is a significant measure of the financial health or financial position of the Agency. Over time, increases or decreases in the Agency's net assets are one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors, such as changes in economic conditions, population growth, zoning, and new government legislation or changes to existing government legislation should be considered in evaluating the financial condition of the Agency.

The following comparative condensed financial statements and other selected information serve as the financial data and indicators for management's monitoring and planning.

Net Assets

A summary of the Agency's statements of net assets at December 31, 2010 and 2009 is presented as follows:

Condensed Statements of Net Assets
As of December 31,

	2010	2009
Assets		
Current and other assets	\$ 2,081,193	\$ 2,406,510
Capital assets	8,064	10,166
Total Assets	<u>2,089,257</u>	<u>2,416,676</u>
Liabilities		
Current and other liabilities	113,280	233,002
Long-term liabilities	58,080	-0-
Total Liabilities	<u>171,360</u>	<u>233,002</u>
Net Assets		
Invested in capital assets, net of related debt	8,064	10,166
Unrestricted	1,909,833	2,173,508
Total Net Assets	<u>\$ 1,917,897</u>	<u>\$ 2,183,674</u>

Total assets as of December 31, 2010 were \$2,089,257 which exceeded total liabilities by \$1,917,897 (i.e. net assets.) Net assets are comprised of invested in capital assets of \$8,064, and unrestricted net assets in the amount of \$1,909,833, which are available to support operations. Total assets decreased by \$327,419 between December 31, 2010 and 2009. The net assets decreased by \$265,777 for the current year.

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2010

FINANCIAL ANALYSIS OF THE AGENCY (continued)

Operating Results

The Agency's condensed statements of activities and changes in net assets are presented as follows:

Condensed Statement of Activities and Changes in Net Assets
For the years ended December 31,

	2010	2009
Operating Revenues		
Charges for services	\$ 10,245	\$ 128,754
Total Operating Revenues	<u>10,245</u>	<u>128,754</u>
Operating Expenses		
Contractual goods and services	307,492	261,693
Depreciation	2,102	2,102
Total Operating Expenses	<u>309,594</u>	<u>263,795</u>
Operating Loss	<u>(299,349)</u>	<u>(135,041)</u>
Non-Operating Income	<u>33,572</u>	<u>47,803</u>
Change in Net Assets	(265,777)	(87,238)
Net Assets at Beginning of Year	<u>2,183,674</u>	<u>2,270,912</u>
Net Assets at End of Year	<u>\$ 1,917,897</u>	<u>\$ 2,183,674</u>

The Agency's revenues decreased from \$128,754 in 2009 to \$10,245 in 2010, a decrease of \$118,509. The decrease is due to a reduction in Agency projects as compared to prior year. The Agency's expenses increased from \$263,795 in 2009 to \$309,594 in 2010, an increase of \$45,799. The increase is primarily due to an increase in administrative charges paid by the Agency to the Town of Islip and a decrease in advertising costs.

ECONOMIC FACTORS AND NEXT YEAR'S PLAN

The overall mission of 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 plans to continue and expand its assistance to the businesses located in the Town of Islip through:

- Federally tax-exempt and taxable revenue bonds
- Local property tax abatement and exemptions
- Sales tax exemptions for construction materials and equipment
- Mortgage recording tax exemptions

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2010

ECONOMIC FACTORS AND NEXT YEAR'S PLAN (continued)

The Agency has a very aggressive marketing strategy that concentrates on business retention and expansion within the Town of Islip. A secondary focus is placed on attracting new businesses from outside the Town of Islip. The marketing activities include site visits to strategic industries, radio and television ads, print ads, brochures and direct mailing 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.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our readers 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 Town of Islip Industrial Development Agency at 40 Nassau Avenue, Islip, NY 11751.

**BASIC FINANCIAL
STATEMENTS**

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF NET ASSETS
December 31, 2010

ASSETS

Current Assets:

Cash and cash equivalents	\$ 1,912,953
Total Current Assets	<u>1,912,953</u>

Non-current Assets:

Accounts receivable	168,240
Depreciable capital assets, net of depreciation	<u>8,064</u>
Total Non-current Assets	<u>176,304</u>

Total Assets	<u>2,089,257</u>
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LIABILITIES

Current Liabilities:

Accounts payable and accrued expenses	3,120
Due to other governments	<u>110,160</u>
Total Current Liabilities	<u>113,280</u>

Non-current Liabilities:

Due to other governments	<u>58,080</u>
Total Non-current Liabilities	<u>58,080</u>

Total Liabilities	<u>171,360</u>
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NET ASSETS

Invested in capital assets, net of related debt	8,064
Unrestricted	<u>1,909,833</u>

Total Net Assets	<u><u>\$ 1,917,897</u></u>
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See notes to the financial statements.

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended December 31, 2010

OPERATING REVENUES:

Charges for services	\$ 10,245
Total Operating Revenues	<u>10,245</u>

OPERATING EXPENSES:

Administration	103,000
Advertising and promotion	155,409
Dues and subscriptions	5,244
Depreciation	2,102
Professional fees	32,986
Travel	<u>10,853</u>
Total Operating Expenses	<u>309,594</u>

Operating Loss (299,349)

NON-OPERATING REVENUES:

Interest and investment income	<u>33,572</u>
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Change in Net Assets (265,777)

Net Assets at Beginning of Year	<u>2,183,674</u>
Net Assets at End of Year	<u><u>\$ 1,917,897</u></u>

See notes to the financial statements.

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF CASH FLOWS
Year Ended December 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers, clients and tenants	\$ 10,245
Cash payments for contractual expenses	<u>(363,134)</u>
Net Cash Provided/(Used) by Operating Activities	<u>(352,889)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash received from payments in lieu of taxes	10,874,255
Cash paid for payments in lieu of taxes	<u>(10,874,255)</u>
Net Cash Provided/(Used) by Noncapital Financing Activities	<u>-0-</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>33,572</u>
Net Cash Provided/(Used) by Investing Activities	<u>33,572</u>
Net Decrease in Cash	(319,317)
Cash and Cash Equivalents at Beginning of Year	<u>2,232,270</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,912,953</u></u>

**RECONCILIATION OF OPERATING LOSS TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES:**

Operating loss	\$ (299,349)
Adjustments to reconcile operating loss to net cash provided/(used) by operating activities:	
Depreciation expense	2,102
(Increase) decrease in assets	
Accounts receivable	6,000
Increase (decrease) in liabilities	
Accounts payable and accrued expenses	(55,642)
Due to other governments	<u>(6,000)</u>
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ (352,889)</u></u>

See notes to the financial statements.

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

Note 1 – Summary of Significant Accounting Policies

Organization

The Town of Islip Industrial Development Agency (the "Agency") was created as a New York State public benefit corporation. The Agency was established in 1974 pursuant to Code Section 898-b of the New York State General Municipal Law. The Agency Board is the legislative body responsible for overall operations. The Agency Board consists of the Board members of the Town of Islip (the "Town"). The Agency Board appoints the Executive Director of the Agency who is the Chief Executive Officer. The Agency's personnel are employees of the Town. All salaries and related benefits are the responsibility of the Town. The Agency is a quasi-governmental, tax-exempt agency that was created to promote, develop, encourage and assist in acquiring, developing and equipping various business facilities, thereby advancing the job opportunities, general prosperity and economic welfare of the people of the Town of Islip, New York. It raises funds to accomplish this purpose by issuing negotiable bonds and notes. The Agency provides companies with the following incentives:

- Low-cost financing
- Property tax abatements
- Sales tax exemptions
- Exemption for mortgage recording tax

Reporting Entity

The financial reporting entity includes all functions and activities over which the elected officials of the Town of Islip exercise responsibility. No other governmental organization has been included or excluded from the reporting entity. Accordingly, the Agency has been determined to be a component unit of the Town of Islip.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The Agency has elected not to follow subsequent private-sector guidance.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

The financial statements of the Agency, which include the statement of net assets, the statement of activities and changes in net assets, and the statement of cash flows, are presented to display information about the reporting entity as a whole. The statement of net assets, the statement of activities and changes in net assets, and statement of cash flows are prepared using the economic resources measurement focus and the accrual basis of accounting.

The Agency can report net assets in three components - Invested in Capital Assets, Net of Related Debt; Restricted and Unrestricted. The classifications are defined as follows:

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

Note 1 – Summary of Significant Accounting Policies (continued)

Basis of Accounting (continued)

- Invested in Capital Assets, Net of Related Debt - This component of net assets 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. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as unspent proceeds.
- Restricted - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through bond covenants), grantors, contributors, laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted - This component of net assets consists of net assets that do not meet the definition of "Restricted" or "Invested in Capital Assets, Net of Related Debt."

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and 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. Significant estimates include the collectability of receivables and contingencies. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, cash equivalents are defined as short-term highly liquid investments. The statement of cash flows presented uses the direct method.

Accounts Receivable

Receivables include amounts due from businesses related to the Industrial Access Projects. Receivables are recorded and revenues are recognized when earned. All receivables are reported at their gross value and, where appropriate, are reduced by an allowance for uncollectible amounts. As of December 31, 2010, management believes all amounts are collectible.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives as follows:

Machinery and equipment

3-10 years

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

Note 1 – Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Agency's primary source of operating revenue is from bond issuance and lease fees, which are computed as a percentage of the total project. Fees are recorded as income when earned at the time of closing on the sale of bonds and straight lease agreements.

Advertising

The Agency follows the policy of charging the costs of advertising to expense as incurred. Advertising expense for the year ended December 31, 2010 was approximately \$155,000.

Note 2 – Cash and Cash Equivalents

Cash and cash equivalents consist of funds deposited in demand accounts and certificates of deposit with maturities of less than three months.

The Agency's investments are governed by a formal investment policy. The Agency's monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Agency is authorized to use certificates of deposit, and money market deposit accounts. Permissible investments include certificates of deposits, obligations of the United States, obligations of the State of New York, repurchase agreements, and obligations of agencies of the federal government where principal and interest are guaranteed by the United States.

Custodial Credit Risk – Deposits / Investments – 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. Custodial credit risk for investments exists when, in the event of the failure of the counterparty, a government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

Governmental Accounting Standards Board 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, or
- Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Agency's name.

At December 31, 2010, the Agency's cash and cash equivalents have been combined with other funds in the Town's consolidated cash account, which were insured by the Federal Depository Insurance Corporation or collateralized by securities held in the pledging bank's trust department in the Town's name.

Credit Risk – State law and Agency law limit investments to those authorized by State statutes. The Agency has a written investment policy.

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

Note 2 – Cash and Cash Equivalents (continued)

Interest-rate Risk – Interest-rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase, thereby affording potential purchasers more favorable rates on essentially equivalent securities. Accordingly, such investments would have to be held to maturity to avoid a potential loss.

Concentration of Credit Risk – Credit risk can arise as a result of failure to adequately diversify investments. Concentration risk disclosure is required for positions of 5 percent or more in securities of a single issuer.

As of December 31, 2010, the Agency did not have any investments subject to credit risk, interest-rate risk or concentration of credit risk.

Note 3 – Accounts Receivables / Due to Other Governments

Industrial Access Projects

New York State Department of Transportation (the “Department”) and the Agency entered into agreement 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 agreement whereby the non-government entities are 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.

Jasco Industries, Inc. – Industrial Access Project – The purpose of this project is to construct a 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, New York.

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

	<u>Balance</u> <u>1/1/10</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Balance</u> <u>12/31/10</u>
Jasco Industries, Inc.	\$ 174,240	\$ (6,000)	\$ 168,240

In November and December of 2010, Jasco Industries, Inc. made \$6,000 of payments to the Department, which is less than the required amount currently due by \$71,440. The Agency has decided to pay the balance of the current amount due to the Department to ensure that the debt does not go into default. As a result of this delinquency the receivable has been classified as long-term due to the unpredictability of the timing of the collection. Currently there are negotiations between Jasco Industries, Inc., and the Agency regarding payment terms.

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

Note 4 – Capital Assets

	Balance 1/1/10	Additions	Deletions	Balance 12/31/10
Depreciable assets:				
Machinery and equipment	\$ 18,177			\$ 18,177
Total depreciable capital assets	<u>\$ 18,177</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 18,177</u>
Accumulated depreciation:				
Machinery and equipment	\$ 8,011	\$ 2,102		\$ 10,113
Total accumulated depreciation	<u>\$ 8,011</u>	<u>\$ 2,102</u>	<u>\$ -0-</u>	<u>\$ 10,113</u>
Total net depreciable assets				<u>\$ 8,064</u>

The Agency evaluates capital assets for prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. The Agency's policy is to record an impairment loss in the period when the Agency determines that the carrying amount of the asset will not be recoverable. At December 31, 2010, the Agency has not recorded any such impairment losses.

Note 5 – Revenues

Agency Fee Structure

The Agency collects one-time administration fees from the issuance of taxable bonds, tax exempt bonds and straight-lease transactions as follows:

- Taxable and Tax-Exempt Bond Issues - Five-tenths of one percent (.5%) of the final bond amount.
- Straight-Lease Transactions - Five-tenths of one percent (.5%) of the projected total costs.

Agency Fee Structure (continued)

The Agency collects other fees as follows:

- Application Fee – An application for Agency assistance must be accompanied by a non-refundable fee of \$500 plus a \$500 fee for Town of Islip review of Environmental Assessment Form as required by the State Environmental Quality Review Act (SEQRA).
- Processing Fee – During the course of Agency ownership/involvement, the Agency may occasionally be required, by the company, to consent to a variety of items, i.e. pre-payment of bonds, second mortgages, additional secured financing, etc. The Agency will charge a \$250 processing fee for each of these requests.
- Assignments & Assumptions – Occasionally, the Agency is asked to transfer benefits that were assigned to the original company, i.e. PILOT or mortgage recording tax benefits, to a different company typically upon a sale of the Agency property. The new company often wishes to continue Agency involvement with the property in order to retain Agency incentives. The Agency will charge a \$1,500 fee for each of these transactions.

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

Note 5 – Revenues (continued)

Payments in Lieu of Taxes

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. Penalties and interest are charged on late payments.

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

Note 6 – Conduit Debt Obligations, Industrial Revenue Bonds and Note Transactions

The Agency has at times, 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, 2010, there were twelve series of Revenue Bonds and Notes outstanding, with an aggregate principal amount payable of \$72,902,746.

Note 7 – Lease Commitments

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, 2010, there were 74 leases outstanding, at \$1 or less each per year.

Note 8 – Litigation

The Agency is involved in routine litigation incidental to its business. In the opinion of management, based on the advice of counsel, the liability, if any, resulting from these matters will not be material.

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

Note 9 – 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 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 \$103,000 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, 2010. The Agency reimbursed the Town a total of \$103,000 in 2010, this amount is reported in administrative expenses on the financial statements.

Note 10 – Reconciliation of Budget Basis to Financial Statement Basis

The Schedule of Revenues, Expenses and Changes in Net Assets – Budget and Actual (page 17) presents the legally adopted budget on a budget basis. Because accounting principles applied for purposes of developing data on a budget basis differ from those used to present financial statements in conformity with generally accepted accounting principles, differences in revenue and expenses will occur.

Changes in net assets as reported on the Schedule of Revenues, Expenses and Changes in Net Assets – Budget and Actual is \$(263,675) as compared to \$(265,777) on the Statement of Activities and Changes in Net Assets. The difference of \$2,102 relates to depreciation expense.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
BUDGET AND ACTUAL
Year Ended December 31, 2010

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
REVENUES				
Charges for services	\$ 30,000	\$ 30,000	\$ 10,245	\$ (19,755)
Interest and investment income	20,000	20,000	33,572	13,572
Total Revenues	50,000	50,000	43,817	(6,183)
EXPENSES				
Administration	115,500	114,500	103,000	11,500
Advertising and promotion	262,412	255,697	155,409	100,288
Dues and subscriptions	3,500	6,500	5,244	1,256
Professional fees	37,611	44,326	32,986	11,340
Travel	15,000	13,000	10,853	2,147
Total Expenses	434,023	434,023	307,492	126,531
Net Change in Net Assets	\$ (384,023)	\$ (384,023)	\$ (263,675)	\$ 120,348
TRUST ACTIVITY				
Cash received from payments in lieu of taxes	\$ 8,000,000	\$ 10,874,255	\$ 10,874,255	\$ -0-
Cash payments for payments in lieu of taxes	(8,000,000)	(10,874,255)	(10,874,255)	-0-
Net Change in Trust Activity	\$ -0-	\$ -0-	\$ -0-	\$ -0-

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF BONDS, NOTES AND LEASES
December 31, 2010

Project Code	Bond or Note Project Name	Total Project Amount	Applicant Name and Address	Estimated Amount of Tax Exemptions	Purpose for which Bond or Note was Issued	Date of Issue	Interest Rate	Year Financial Assistance is Planned to End	Federal Tax Status of Bonds	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained
4703-01-11A	CVD Equipment Corp.	\$ 2,700,000	CVD Equipment Corp, 1860 Smithtown Ave., Ronkonkoma, NY 11779	\$ -0-	Nanotechnology Equipment	01/08/2002	5.67%	2017	Tax Exempt	30	76
4703-01-08A	Court Plaza Senior Apts.	15,000,000	Court Plaza Senior Apts, 1 Hoppin Dr., Central Islip, NY 11772	347,779	NYS Tax Credit Senior Housing in Empire Zone	12/28/2001	5.70%	2017	Tax Exempt	4	-0-
4703-00-15A	Southside Hospital (1)	20,000,000	Southside Hospital 301 301 E. Main St. Bay Shore, NY 11706	-0-	Renovations for Ambulatory Surgical, Recovery Areas, Asbestos Abatement	03/05/2002	7.75%	2022	Tax Exempt	14	1686
4703-06-05A	United Cerebral Palsy (1)	17,430,000	United Cerebral Palsy N. Champlain Dr. Central Islip, NY 11772	-0-	Diagnostic and Treatment Center for Disabled	11/14/2006	5.50% - 6.25%	2031	Tax Exempt	-0-	42
4703-00-011	Broadway Neon Sign	2,220,045	Broadway Neon Sign 2150 Fifth Ave., Ronkonkoma, NY 11779	-0-	Mfr. of Neon Display Signs	11/14/2000	6.29%	2016	Tax Exempt	40	50
4703-00-02A	Duralee Fabrics	3,400,000	Duralee Fabrics 1775 Fifth Ave. Bay Shore, NY 11706	2,526	Distributor of Fabric/Expansion	06/06/2000	Variable	2020	Taxable	50	145
4703-99-03A	Atria Assisted Living	16,000,000	Forest City Daly Housing 53 Ocean Ave. Bay Shore, NY 11706	107,363	Assisted Living	07/22/1999	Variable	2029	Tax Exempt	40	-0-
4703-91-01A	Leeway School (1)	1,000,000	Leeway School 335 Johnson Ave., Sayville, NY 11772	-0-	School for Disabled	08/13/1991	9.00%	2021	Tax Exempt	5	30
4703-06-01A	U.S. Alliance Paper/Equipment	3,200,000	U.S. Alliance Paper/Equipment 101 Heartland Blvd., Edgewood, NY 11717	-0-	Paper Manufacturer/Equipment Only	02/27/2007	5.23%	2020	Tax Exempt	-0-	-0-
4703-07-04A	New Horizons Graphics/Equip.	2,095,000	New Horizons Graphics/Equip. 1200 Prime Pl. Hauppauge, NY 11788	-0-	Printer/Equipment	03/29/2008	5.25%	2017	Tax Exempt	11	41
4703-09-02A	U.S. Alliance Paper/Equipment	2,800,000	U.S. Alliance Equipment II 101 Heartland Blvd., Edgewood, NY 11717	-0-	Paper Manufacturer/Equipment Only	11/17/2009	6.15% - 8.50%	2017	Tax Exempt	-0-	-0-
4703-00-05A	Sylhan LLC	3,200,000	Sylhan LLC 210 Redco Dr., Edgewood, NY 11717	8,452	Parts/High Temp Metals	12/27/2000	Variable	2011	Tax Exempt	18	7

(1) Not for Profit Corporations

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF BONDS, NOTES AND LEASES
 December 31, 2010

Project Code	Lease Project Name	Applicant Name and Address	Estimated Amount of Tax Exemptions	Purpose for which Each Transaction was Made	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained
4703/06/04A	Constance Foods/Aerotech	Constance Foods/Aerotech 545 Johnson Ave. Bohemia, NY 11716	\$ 345,936	Food Mfr. & Distribution for 7 Eleven Corp.	288	97
4703-00-03A	REP 110 A (Formerly Atkins)	REP 110 A (Formerly Atkins) 2002 N. Orville Dr. Ronkonkoma, NY 11779	58,988	Multi Tenant Ind. Building	70	80
4703-00-04A	Jasco Industries	Jasco Industries 355 S. Technology Dr. Central Islip, NY 11722	232,360	Mfr. Of Custom Store Fixture Displays in Empire Zone.	35	150
4703-00-06A	Windowrama	Windowrama 71 Heartland Blvd. Edgewood, NY 11717	70,614	Mfr. Of Windows, Doors, Skylights	25	246
4703-00-07	NYSARC/Andreassi Assoc. (1)	NYSARC/Andreassi Assoc. 45 Crossway East Bohemia, NY 11716	109,961	NFP Training and Educational Center for AHRC	25	-0-
4703-00-09A	Courthouse Corporate Ctr.	Courthouse Corporate Ctr. 320 Carleton Ave. Central Islip, NY 11722	349,501	Class A Office in Empire Zone	3	-0-
4703-00-10A	Madcar Company, Inc.	Madcar Company, Inc. 135 Raynor Ave. Ronkonkoma, NY 11779	13,028	Packaging & Fulfillment	30	45
4703-00-12A	Nu-Rac/First Wireless	Nu-Rac/First Wireless 1850 Lakeland Ave. Ronkonkoma, NY 11779	12,611	Remanufacturer of Cell Phones	100	125
4703-01-04A	North American Enclosures	North American Enclosures 85 Jetson La. Central Islip, NY 11722	-0-	Mfr. Of Ready Made Frames	123	278

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF BONDS, NOTES AND LEASES
 December 31, 2010

Project Code	Lease Project Name	Applicant Name and Address	Estimated Amount of Tax Exemptions	Purpose for which Each Transaction was Made	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained
4703-01-05A	22-50 Jackson Ave. Associates	22-50 Jackson Ave. Associates One Executive Dr. Edgewood, NY 11717	\$ -0-	Multi year, mixed use development	-0-	13
4703-01-09A	Yarde Metals	Yarde Metals 999 Motor Pkwy. Hauppauge, NY 11788	36,635	Distributor of Metal Products	30	30
4703-01-10A	Broadway West	Broadway West 75 Springfield Rd. Brentwood, NY 11717	136,985	Senior Housing	-0-	-0-
4703-02-01A	GAC	GAC 355 Knickerbocker Ave. Bohemia, NY 11716	46,153	Orthodonture Supplies	40	160
4703-02-03A	Always Bagels	Always Bagels 10 Keyland Ct. Bohemia, NY 11716	13,967	Bagel Mfr.	20	13
4703-02-04A	Fischer Scientific	Fischer Scientific 2800 Veteran's Mem. Hwy. Bohemia, NY 11716	34,653	Clinical Tracking Labels Formerly Clintrak	25	35
4703-02-05A	Fabricade	Fabricade 5050 Veteran's Mem. Hwy. Holbrook, NY 11741	40,044	Distributor of PreManufactured Fabrics & Millinery Goods	22	23
4703-02-06A	H&E Equipment Mfr.	H&E Equipment Mfr. 1493 Church St. Bohemia, NY 11716	3,446	Custom Millwork for Healthcare and Education Sectors	10	20
4703-02-07A	Royal Pet Supplies	Royal Pet Supplies 60 Rodeo Dr. Edgewood, NY 11717	76,178	Distributor of Pet Supplies	100	160

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF BONDS, NOTES AND LEASES
 December 31, 2010

Project Code	Lease Project Name	Applicant Name and Address	Estimated Amount of Tax Exemptions	Purpose for which Each Transaction was Made	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained
4703-02-08A	Positive Promotions	Positive Promotions 15 Gilpin Ave. Hauppauge, NY 11788	\$ 44,718	Mfr. Of Printed Information & Promotional Materials	75	275
4703-02-09A	Shafter St./Roux Assoc.	Shafter St./Roux Assoc. 209 Shafter St. Islandia, NY 11749	20,489	Professional Office Bldg./Engineers	14	65
4703-02-10A	Atlantic Veterinary Emergency	Atlantic Veterinary Emergency 75 Sunrise Hwy. West Islip, NY 11795	23,983	Emergency Vet Services	3	8
4703-02-11A	Branford Hall/Aerotech	Branford Hall/Aerotech 565 Johnson Ave. Bohemia, NY 11716	22,199	Career Training Facility	15	31
4703-03-02A	Trius, Inc.	Trius, Inc. 458 Johnson Ave. Bohemia, NY 11716	2,262	Design, Fabricate, Install Heavy Equipment Systems	10	38
4703-03-03A	CVD Equipment (formerly Tri-Start)	Tri-Start Electronics/CVD RE 979 Marconi Ave. Ronkonkoma, NY 11779	16,327	Distributor of Electronic Components	10	28
4703-03-04A	Viccaro Equipment	Viccaro Equipment 1818 Pacific St. Hauppauge, NY 11788	31,904	Distributor of Loading Dock Equipment	13	22
4703-03-05A	Edgewood Land	Edgewood Land Wilshire Blvd. Edgewood, NY 11717	-0-	Industrial Park Infrastructure	-0-	13
4703-03-07A	Teacher's Federal Credit Union (1)	Teacher's Federal Credit Union 5439 Sunrise Hwy. Holbrook, NY 11741	48,354	Back Office Banking	47	24

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF BONDS, NOTES AND LEASES
 December 31, 2010

Project Code	Lease Project Name	Applicant Name and Address	Estimated Amount of Tax Exemptions	Purpose for which Each Transaction was Made	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained
4703-03-08A	COSTAR Realty/Unimax	COSTAR Realty/Unimax 250 Heartland Blvd. Edgewood, NY 11717	\$ 14,039	Distributor of Kitchenware/Minority Owned	2	10
4703-03-09A	J. Kings Food Service II	J. Kings Food Service II 700 Furrows Rd. Holbrook, NY 11741	-0-	Food Distributor/Expansion	40	250
4703-03-10A	Jetro Cash & Carry II	Jetro Cash & Carry II 1335 Lakeland Ave. Bohemia, NY 11716	-0-	Commercial Food/Rest. Supplies/Expansion	6	58
4703-04-01A	Davis & Hersh LLP	Davis & Hersh LLP 1345 Motor Pkw. Islandia, NY 11749	32,568	Professional Office	17	17
4703-04-03A	Harry Krantz Company	Harry Krantz Company 50 Heartland Blvd. Edgewood, NY 11717	107,231	Distributor of Electronic Components	45	75
4703-04-04A	EDO Corp./Aerotech	EDO Corp./Aerotech 585 Johnson Ave. Bohemia, NY 11716	162,585	Antenna Mfr. Facility/Defense	33	167
4703-04-05A	Alcan Packaging	Alcan Packaging 10 Wilshire Blvd. Edgewood, NY 11717	296,622	Mfr. Of Flexible Packaging Roll Labels	100	-0-
4703-04-06A	NBTY/Cartwright Loop/Exp.	NBTY/Cartwright Loop/Exp. 10 Vitamin Dr. Bayport, NY 11705	-0-	Expansion of Gelcap Mfr. Fac.	-0-	-0-
4703-04-07A	Glenn Wayne Bakery	Glenn Wayne Bakery 1800 Artic Ave. Bohemia, NY 11716	34,538	Industrial Bakery (Formerly CraftTech)	13	59

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF BONDS, NOTES AND LEASES

December 31, 2010

Project Code	Lease Project Name	Applicant Name and Address	Estimated Amount of Tax Exemptions	Purpose for which Each Transaction was Made	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained
4703-05-03A	267 Carleton Ave. Associates	267 Carleton Ave. Central Islip, NY 11722	\$ 141,880	Professional Office Empire Zone	9	29
4703-05-04A	Rothco II	Rothco II 3015 Veterans Mem. Hwy. Ronkonkoma, NY 11779	-0-	Distributor/Expansion	12	94
4703-05-05A	Whitson's Food Services	Whitson's Food Services 1800 Motor Pkwy. Islandia, NY 11749	13,827	Mfr. Of Delivered Meals	40	114
4703-05-06A	Prime Eleven Jarff	Prime Eleven Jarff Prime Pl. Hauppauge, NY 11788	-0-	Brownfield Site Work	-0-	-0-
4703-05-09A	Industrial Road & Drainage	Industrial Road & Drainage Prime Pl. Hauppauge, NY 11788	-0-	Road & Drainage Infrastructure for Ind. Park	-0-	-0-
4703-06-02A	TII Network Technologies	TII Network Technologies 141 Rodeo Dr. Brentwood, NY 11717	51,813	Mfr. Of Surge Protection Devices	50	46
4703-06-03A	Old Nichols Road Group	Old Nichols Road Group 3690 Expressway Dr. So. Islandia, NY 11749	44,592	Professional Office Bldg. Housing 2 Law Firms	16	34
4703-06-06A	A.G. Metropolitan	A.G. Metropolitan 3500 Sunrise Hwy. Great River, NY 11739	200,142	Office Complex	900	500
4703-07-01A	Seal Dynamics/Prime 11 East	Seal Dynamics/Prime 11 East 600 Prime Pl. Hauppauge, NY 11788	55,511	Design & Distribution of Mechanical and Electrical Components for Airlines	7	75

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF BONDS, NOTES AND LEASES
 December 31, 2010

Project Code	Lease Project Name	Applicant Name and Address	Estimated Amount of Tax Exemptions	Purpose for which Each Transaction was Made	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained
4703-07-02A	Heartland Boys/US Alliance RE	Heartland Boys/US Alliance RE 101 Heartland Blvd. Edgewood, NY 11717	\$ 109,121	Paper Manufacturer/ Real Estate	23	77
4703-07-07A	RMS Realty/G&R Bath	RMS Realty/G&R Bath 885 Marconi Ave. Ronkonkoma, NY 11779	12,127	Manufacturer/Installer/ Bathrooms	14	16
4703-07-08A	Medical Action Industries	Medical Action Industries 500 Expressway Dr. So. Brentwood, NY 11717	11,575	Disposable Medical Supplies/HQ	37	63
4703-08-01A	Bayport Partners/Blackman Plumbing.	Bayport Partners/Blackman Plumbing. 900 Sylvan Ave. Bayport, NY 11705	63,280	Plumbing Supply Distributor	157	-0-
4703-08-02A	Shri Parshwa/Perfume Center	Shri Parshwa/Perfume Center Ocean Ave. Ronkonkoma, NY 11779	-0-	Perfume Packager and Distributor	20	60
4703-08-03A	David Peyser Sportswear	David Peyser 90 Spence St. Bay Shore, NY 11706	7,192	Manufacturer/Embroidered Sportswear	70	392
4703-09-01A	Fed Ex Ground/Laz Bur	Laz Bur Co. 67 Clinton Rd. Garden City, NY 11530	-0-	Package Transportation	16	62
4703-96-04A	Creative Ware	Creative Ware 555 South Technology Rd. Central Islip, NY 11722	802,665	Housewares Manufacturing	-0-	-0-
4703-96-05A	Catalina Assoc.	Catalina Assoc. 31 Windsor Dr. Central Islip, NY 11722	-0-	Paper Distributor	26	71

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF BONDS, NOTES AND LEASES
 December 31, 2010

Project Code	Lease Project Name	Applicant Name and Address	Estimated Amount of Tax Exemptions	Purpose for which Each Transaction was Made	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained
4703-96-06A	Cintas Corporation	Cintas Corporation 500 South Research Pl. Central Islip, NY 11722	\$ -0-	Commercial Laundry Services	75	45
4703-96-07A	KG East/Satco	KG East/Satco 110 Heartland Blvd. Edgewood, NY 11717	-0-	Distributor of Lighting Fixtures	21	79
4703-97-01A	J. Kings Food Service	J. Kings Food Service 700 Furrows Rd. Holbrook, NY 11741	31,469	Food Distributor	39	39
4703-97-05A	Bearings Ltd/Eight In One	Eight In One Pet/MG3 2100 Pacific St. Hauppauge, NY 11788	-0-	Mfr. of Pet Products/Assigned to Bearings Unlimited	100	199
4703-97-06A	Creative Bath	Creative Bath/Cellu Tissue 555 North Research Central Islip, NY 11722	501,161	Injection Molding Mfr. in Empire Zone	50	250
4703-97-07A	Fairfield Renaissance	Fairfield Renaissance 55 Fifth Ave. Bay Shore, NY 11706	-0-	Rental Housing in Downtown	-0-	-0-
4703-97-10A	Rubies Costume Co. Inc.	Rubies Costume Co. Inc. 145 Candlewood Rd. Brentwood, NY 11717	21,556	Dist. Of Halloween Costumes	125	-0-
4703-97-11A	Gil & Sook Cleaners	Gil & Sook Cleaners 20 Carleton Ave. Central Islip, NY 11722	-0-	Retail Dry Cleaner/Laundry, Minority Owned in Empire Zone	2	2
4703-98-06A	Package All Corp.	Package All Corp. 655 Church St. Bayport, NY 11705	-0-	Distributor of Containers and Related Products	6	34

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF BONDS, NOTES AND LEASES
 December 31, 2010

Project Code	Lease Project Name	Applicant Name and Address	Estimated Amount of Tax Exemptions	Purpose for which Each Transaction was Made	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained
4703-98-07A	Excel II/New Hor. Graphics	Excel II/New Hor. Graphics 1200 Prime Pl. Hauppauge, NY 11788	\$ 3,996	Printing	25	19
4703-98-08	Alan Ritchey, Inc.	Alan Ritchey, Inc. 91 Heartland Blvd. Edgewood, NY 11717	23,932	Postal Servicing & Logistics Facility	200	-0-
4703-98-09A	NBTY/Cartwright Loop	NBTY/Cartwright Loop 10 Vitamin Dr. Bayport, NY 11705	48,937	Gelcap Mfr. Facility/New Industrial Park	118	-0-
4703-98-11A	Dayton T. Brown Inc.	Dayton T. Brown Inc. 1195 Church St. Bohemia, NY 11716	3,232	Expansion of Testing Facilities	21	305
4703-98-15A	Jetro Cash & Carry	Jetro Cash & Carry 1335 Lakeland Ave. Bohemia, NY 11716	3,288	Commercial Food/Rest. Supplies	45	-0-
4703-98-16A	NBTY/105 Orville	NBTY/105 Orville 105 Orville Dr. Bohemia, NY 11716	-0-	Tablet Manufacturing Facility/One of Multiple NBTY Facilities (See Prev. Ann. Rep)	100	599
4703-99-04A	Blackhawk Prop./Old World M.	Blackhawk Prop./Old World M. 821 Lincoln Ave. Bohemia, NY 11716	3,169	Millworking, Mfr.	8	13
4703-99-05A	Rechler Equities (formerly Tellabs)	Rechler Equities (form. Tellabs) 2005 N. Orville Dr. Ronkonkoma, NY 11779	36,683	Original Company Moved/Sublease to NBTY	-0-	-0-
4703-99-06A	LI Industrial/Premier Sydeil	Premier Sydeil 2905 Veteran's Mem. Hwy. Ronkonkoma, NY 11779	11,311	Distributor of Floral Display Items	4	17

TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF BONDS, NOTES AND LEASES

December 31, 2010

Project Code	Lease Project Name	Applicant Name and Address	Estimated Amount of Tax Exemptions	Purpose for which Each Transaction was Made	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained
4703-99-09A	Rothco	Rothco 3015 Veterans Mem. Hwy. Ronkonkoma, NY 11779	\$ 33,133	Distributor of Military Surplus Products	30	70
4703-10-01A	GE Aviation/GL II Assoc	GE Aviation/GL II Assoc 1000 MacArthur Mem. Hwy. Bohemia, NY 11716	-0-	Manufacturer of Aviation Electronics	52	227

There was no other method of financial assistance utilized by these projects, other than the tax exemptions.

(1) Not for Profit Corporations.

OTHER REPORTS



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED UPON THE AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Agency Board
Town of Islip Industrial Development Agency
Islip, New York

We have audited the financial statements of the business-type activities 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, 2010, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated June 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

PERSONAL SERVICE. TRUSTED ADVICE.

ALBRECHT, VIGGIANO, ZURECK & COMPANY, P.C.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of 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 that are required to be reported under Government Auditing Standards.

We noted certain other matters that we reported to management of the Agency in a separate letter dated June 10, 2011.

This report is intended solely for the information and use of the audit committee, management of the Agency, and the Town of Islip and is not intended to be and should not be used by anyone other than these specified parties.

Albrecht, Viggiano, Zurek & Co., P.C.

Hauppauge, New York
June 10, 2011



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH AGENCY INVESTMENT POLICY

Honorable Agency Board
Town of Islip Industrial Development Agency
Islip, New York

We have examined the Town of Islip Industrial Development Agency's (the "Agency"), a component unit of the Town of Islip, New York, compliance with the Agency's investment policy during the period January 1, 2010 through December 31, 2010. Management is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Agency's compliance with specified requirements.

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements during the period January 1, 2010 through December 31, 2010.

This report is intended solely for the information and use of the audit committee, management of the Agency, and the Town of Islip and is not intended to be and should not be used by anyone other than these specified parties.

Albrecht, Viggiano, Zureck & Co., P.C.

Hauppauge, New York
June 10, 2011

PERSONAL SERVICE. TRUSTED ADVICE.

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