

SCHOHARIE COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

FINANCIAL STATEMENTS

Year ended June 30, 2011
With comparative totals for 2010

SCHOHARIE COUNTY INDUSTRIAL
DEVELOPMENT AGENCY

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INDEPENDENT AUDITORS' REPORT

Schoharie County Industrial
Development Agency
349 Mineral Springs Road
Cobleskill, New York

We have audited the accompanying financial statement of the net assets of the Schoharie County Industrial Development Agency (the "Agency") as of and for the year ended June 30, 2011, and the related statements of revenue, expenditures, and changes in net assets and cash flows for the year then ended. 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. The prior year summarized comparative information has been derived from the Agency's 2010 financial statements and in our report dated August 30, 2010, we expressed an unqualified opinion.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency as of June 30, 2011, and the respective changes in financial position and cash flows for the year then ended in conformity with generally accepted accounting principles (GAAP) in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 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 grants 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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion & Analysis 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, and 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 method 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 IDA's financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedules on Pages 17 – 19 in the other financial information section, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information 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 the 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 taken as a whole.

The Schedule of Empire Zone Activity is presented for purposes of additional analysis and is 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.

The Schedules of Outstanding Sale and Lease Agreements and Full Time Equivalent (FTE) Jobs Created and Retained are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements.

Gruva, Zureifel & Acott, LLP

Oneonta, New York
September 8, 2011

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

As financial management of the Schoharie County Industrial Development Agency (the "Agency"), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the Agency for the fiscal year ended June 30, 2011. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. The Agency encourages its readers to consider the information presented here in conjunction with the financial statements taken as a whole.

Financial Highlights

The Agency's net assets increased by \$1,337 from last year.

The Agency's operating revenues decreased by \$241,094 from last year. This is due primarily to a one time grant in the previous year.

The Agency's operating expenses decreased by \$90,617 from last year. This is due primarily to the cost of the administration of a Schoharie County grant in the prior year of \$100,000 as well as the elimination of the administration of the Empire Zone Program.

Overview of the Financial Statements

This discussion and analysis accompanies the Agency's financial statements, including notes to the financial statements and the reports on compliance and internal control to help the reader better understand the financials.

Financial Statements

The Agency's financial statements provide readers with a comprehensive reporting of the Agency's 2011 transactions and balances. The difference between the assets and liabilities are reported as net assets. Increases or decreases in net assets are an indicator of strengthened or weakened financial position.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Financial Analysis

Operating revenues for the Agency were \$77,376 for fiscal year 2011. This was a decrease of 75.7% over the prior year. Income net of expenses produced an increase in net assets of \$1,337. At the close of fiscal year 2011, the Agency had net assets of \$2,427,492. This is an increase of 0.055% over the prior year, which is attributable to collections on loans and administrative fees.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Agency's prime objective is to provide assistance to existing businesses and expansions and business startups with professional assistance, educational programs and loans. The loan funds are comprised of grants dedicated to this purpose and matching funds from the Agency's accumulated working capital. The loans in the entity's statement of net assets are the major assets. For the Agency's loans, the financial statement shows an increase of \$1,307,556 at year-end 2010, to \$1,232,739 at year-end 2011, a net decrease of \$74,817.

Following is a 2011-2010 comparative summary of the Agency's financial statements, showing the increase in net assets:

NET ASSETS

	2011	2010
Current assets	\$ 1,219,907	\$ 1,122,990
Non-current assets	1,208,631	1,304,064
Total assets	\$ 2,428,538	\$ 2,427,054
Current liabilities	\$ 1,046	\$ 899
Net assets	2,427,492	2,426,155
Total liabilities and net assets	\$ 2,428,538	\$ 2,427,054

CHANGES IN NET ASSETS

	2011	2010
Operating revenues	\$ 77,376	\$ 318,470
Operating expenses	76,039	166,656
Operating income	1,337	151,814
Net assets, beginning of year	2,426,155	2,274,341
Net assets, end of year	\$ 2,427,492	\$ 2,426,155

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

2011 GOALS

1. Continued administration of the MICRO Economics Loan Program;
2. Continued administration of current lease agreements and payments in-lieu of taxes agreements;
3. Assist two companies and one non-profit in their expansion with possible benefits; and continue to assist the Planning and Economic Development Agency with efforts to attract businesses to Schoharie County.

Requests for Information

Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Schoharie County Industrial Development Agency, 349 Mineral Springs Road, Cobleskill, New York 12043.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENT OF NET ASSETS

June 30, 2011 and 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current assets:		
Cash and cash equivalents	\$ 588,129	\$ 280,743
Certificates of deposit	351,517	598,227
Accounts receivable	-	14,637
Accrued interest receivable	260	1,371
Prepaid expenses	9,659	3,014
Notes and capital leases receivable - Current portion	270,342	224,998
Total current assets	<u>1,219,907</u>	<u>1,122,990</u>
Fixed assets:		
Land	82,257	82,257
Buildings and improvements	131,526	131,526
Office equipment	16,077	13,091
Total fixed assets	<u>229,860</u>	<u>226,874</u>
Less: Accumulated depreciation	<u>(79,956)</u>	<u>(74,658)</u>
Total net fixed assets	<u>149,904</u>	<u>152,216</u>
Other assets:		
Land held for resale	96,330	69,290
Notes and capital leases receivable - Long term	966,854	1,082,558
Total other assets	<u>1,063,184</u>	<u>1,151,848</u>
Total assets	<u>\$ 2,432,995</u>	<u>\$ 2,427,054</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accrued expenses	\$ 1,046	\$ 899
Total current liabilities	<u>1,046</u>	<u>899</u>
Net assets:		
Invested in capital assets, net of related debt	149,904	226,874
Unrestricted	2,282,045	2,199,281
Total net assets	<u>2,431,949</u>	<u>2,426,155</u>
Total liabilities and net assets	<u>\$ 2,432,995</u>	<u>\$ 2,427,054</u>

See accompanying notes.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS

Year ended June 30, 2011
With comparative totals for 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Interest and earnings	\$ 9,542	\$ 11,175
Interest on notes	35,871	27,190
Lease income	14,775	19,700
Grants	-	255,000
Administrative fees	21,512	5,405
Sale of scrap metal	133	-
	<u>81,833</u>	<u>318,470</u>
Total operating revenues		
Operating expenses:		
Payroll and related expenses	24,148	24,932
Travel	981	1,060
Insurance	4,173	3,941
Legal and accounting	7,319	4,276
Bad debts	10,979	3,678
Maintenance and supplies	15,043	12,547
Miscellaneous	-	130
Depreciation	5,298	4,748
Administrative	8,073	111,321
Fire tax	25	23
	<u>76,039</u>	<u>166,656</u>
Total operating expenses		
Net operating income	5,794	151,814
Net assets, beginning of year	<u>2,426,155</u>	<u>2,274,341</u>
NET ASSETS, END OF YEAR	<u><u>\$ 2,431,949</u></u>	<u><u>\$ 2,426,155</u></u>

See accompany notes.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENT OF CASH FLOWS

Year ended June 30, 2011
With comparative totals for 2010

	2011	2010
Cash flows from operating activities:		
Net income	\$ 5,794	\$ 151,814
Adjustments to reconcile net income to net cash provided by operating and non-operating activities:		
Depreciation	5,298	4,748
Bad debts	10,979	3,678
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	14,637	(13,268)
(Increase) decrease in accrued interest receivable	1,111	(655)
(Increase) decrease in prepaid expenses	(6,645)	(127)
Increase (decrease) in accounts payable and commitments	147	737
Increase (decrease) in deferred revenue	-	(9,850)
NET CASH PROVIDED BY OPERATING ACTIVITIES	31,321	137,077
Cash flows from noncapital and financing activities:		
Purchase of fixed assets	(2,986)	(4,520)
Purchase of land held for resale	(27,040)	(980)
Increase in notes receivable	(96,585)	(302,628)
Principal payments on notes receivable	155,966	109,287
NET CASH PROVIDED BY (USED IN) NONCAPITAL AND FINANCING ACTIVITIES	29,355	(198,841)
Cash flows from investing activities:		
Net purchase and maturity of certificates of deposits	246,710	111,430
NET CASH PROVIDED BY INVESTING ACTIVITIES	246,710	111,430
NET INCREASE IN CASH AND CASH EQUIVALENTS	307,386	49,666
Cash and cash equivalents, beginning of year	280,743	231,077
Cash and cash equivalents, end of year	\$ 588,129	\$ 280,743

See accompanying notes.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION

The Schoharie County Industrial Development Agency (the "Agency") was duly established under Title I of Article 18-A of the General Municipal Law of the State of New York, as amended, and Chapter 114 of the Laws of 1973 of the State and is a public benefit corporation of the State.

The Agency was formed for the purpose of encouraging economic growth in the County of Schoharie. The Agency is exempt from federal, state and local income taxes. The Agency, although established by the Schoharie County Board of Supervisors, as a separate entity and operates independently of the County of Schoharie.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Schoharie County Industrial Development Agency have been prepared in conformity with generally accepted accounting principles (GAAP). Significant accounting policies are:

Method of Accounting

As a result of its organization under municipal law, the Agency uses fund accounting to record transactions. Because a major source of revenue is based on fees and rents, an enterprise fund is used to account for and report the Agency's financial activity.

All enterprise funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Interest on proceeds used in financing the construction of certain assets is capitalized during the construction period.

Depreciation of exhaustible fixed assets used by enterprise funds is charged as an expense against operations, and accumulated depreciation is reported on the enterprise funds' balance sheets.

Grant Accounting

Pass-through grants are recorded as receivables, revenues, liabilities and expenses when awarded. All other grants are recorded as receivables and deferred revenues upon award of the contracts; revenues are recognized as they Agency meets performance requirements of the contracts.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, management considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable is carried at its full value. Uncollectible accounts are charged to expenditures when an account is deemed uncollectible by management. Outstanding balances at June 30, 2011 and 2010 amounted to \$-0- and \$14,637, respectively.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Accrued Interest Receivable

Accrued interest receivable consists of interest on certificates of deposits that have been earned but not received. The balance at June 30, 2011 and 2010 was \$260 and \$1,371, respectively.

Investments Policy

The Agency's investment policies are governed by State statutes. In addition, the Agency has its own written investment policy. Agency monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Agency is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the US Treasury and obligations of New York State or its localities.

Prepaid Expenses

Prepaid expenses consist of insurance coverage for the next fiscal year, which at June 30, 2011 and 2010 was \$9,659 and \$3,014, respectively.

Fixed Assets

Fixed assets acquired by the Agency are stated at cost (or estimated historical cost), including interest capitalized during construction where applicable. Contributed assets are recorded at fair market value at the date received. Major additions and betterments in excess of \$1,000 are capitalized, while maintenance and repairs, which do not appreciably extend the useful lives of the related assets, are charged to expense as incurred. There are no reversionary interests by the grantor in the assets. Depreciation is recognized on a straight-line basis over the estimated useful lives of the assets. Depreciation expense amounted to \$5,298 and \$4,748 in 2011 and 2010, respectively.

Revolving Loans and Fund Balance Restrictions

The Agency offers low-interest loans to area businesses. The loans are approved by the governing board after giving consideration to the major criteria, ie, enhancement of the economic environment, revenue recognition on these loans is limited to the receipt of interest.

Repayment on revolving loan notes receivable is restricted in their use. While a portion may be used to defer administrative costs, the majority must be used to further economic development in Schoharie County.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 revenues and expenses during the report period. Actual results could differ from those estimates.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Events Occurring After Reporting Date

The Agency has evaluated subsequent events through September 8, 2011, which is the date the financial statements were available to be issued.

NOTE 3 CERTIFICATES OF DEPOSIT

Certificates of deposit consist of four separate accounts. For the years ended June 30, 2011 and 2010, certificates of deposit totaled \$351,517 and \$598,227, respectively. The certificates of deposit have terms of three to twenty-five months, and bear interest ranging from 1% to 2%. The certificates are maintained in three separate banks that are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank.

NOTE 4 NOTES AND CAPITAL LEASES RECEIVABLE

The following table summarizes the Agency's notes receivable:

<u>Operating Fund</u>	<u>2011</u>	<u>2010</u>
\$50,000 note receivable with monthly payments of \$449 including interest at 7%, from October 8, 1996 through October 7, 2011; collateralized by a mortgage (See Note 7).	\$ 1,773	\$ 6,847
\$80,000 note receivable with monthly payments of \$715 including interest at 6.9% from October 19, 2001 through October 19, 2016; collateralized by a mortgage.	38,186	43,906
\$343,000 capital lease receivable, with monthly payments of principal only of \$600, and yearly payments of a principal of \$15,667, from September 6, 2002 through September 6, 2016; collateralized by a mortgage. The Agency holds the title to the property until all principal payments have been made.	139,001	161,867
\$37,765 note receivable with monthly payments of \$470 including interest at 6% from December 21, 2004 through November 21, 2009; collateralized by equipment. This loan is currently in default.	17,411	21,273
\$142,508 note receivable with monthly payments of \$2,396 including interest at 6.5% from November 8, 2005 through November 8, 2011; collateralized by a mortgage.	-	38,805

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 NOTES AND CAPITAL LEASES RECEIVABLE (Cont'd.)

	2011	2010
\$100,000 note receivable with monthly payments of \$3,475 including interest at 3.25% with payments starting July 2011 through January 2014; collateralized by a mortgage.	100,000	-
\$35,000 note receivable including interest at 3.25% with payments on March 9, June 9, September 9. Interest only of \$284 then on December 9, 2011, the unpaid principal and accrued interest is due in full.	35,000	35,000
\$35,000 capital lease receivable with monthly payments of \$315 including interest at 7%, from July 25, 2001 through August 25, 2016. The Agency holds the title to the property until all principal payments have been made.	16,108	18,658
Subtotal – Operating Fund	347,479	326,356
<u>Micro Enterprise Fund</u>		
\$24,000 note receivable with monthly payments of \$206, including interest at 6% from October 1, 2006 through October 1, 2012; collateralized by a mortgage.	3,338	4,324
\$35,000 note receivable with monthly payments of \$338 including interest at 3% from December 6, 2003 through December 6, 2008 with a balloon payment due January 6, 2009; collateralized by a mortgage. This loan is currently in default.	12,388	15,706
\$40,000 note receivable with monthly payments of \$424 including interest at 5% from October 14, 2004 through September 14, 2016; collateralized by equipment.	30,612	30,612
\$10,000 note receivable with monthly payments of \$107 including interest at 5.25% from October 27, 2005 to October 27, 2015; collateralized by a mortgage.	5,065	6,059
\$35,000 note receivable with monthly payments of \$371 including interest at 5.00% from December 28, 2005 to November 28, 2010 with a balloon payment due December 28, 2011; collateralized by equipment.	19,382	23,869
\$30,550 note receivable with monthly payments of \$407 including interest at 3.25% from January 1, 2010 to December 1, 2016; collateralized by a mortgage.	24,575	28,591

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 NOTES AND CAPITAL LEASES RECEIVABLE (Cont'd.)

	2011	2010
\$11,300 note receivable with monthly payments of \$110 including interest at 3.25% from November 29, 2009 to November 1, 2019; collateralized by a mortgage.	-	10,979
\$88,942 note receivable with monthly payments of \$1,086 including interest at 5.5% from January 31, 2009 to August 31, 2015 with a balloon payment due August 31, 2015; collateralized by a mortgage. The original terms were \$100,000 note receivable with monthly payments \$1,085 including interest at 5.50% from June 28, 2006 to July 28, 2013 with a balloon payment due June 28, 2013; collateralized by a mortgage.	88,942	88,942
\$20,000 note receivable with monthly payments of \$362 including interest at 3.25% from May 15, 2010 to April 15, 2015; collateralized by a mortgage.	17,517	19,384
\$75,976 note receivable with monthly payments of \$641 including interest at 6.25% from January 1, 2011 through May 1, 2026; collateralized by a mortgage. The original terms were \$75,000 note receivable with monthly payments of \$548 including interest at 6.25% No payments were received since refinancing; collateralized by a mortgage.	75,976	72,548
\$99,553 note receivable with monthly payments of \$1,020 including interest at 3% from August 2010 through November 1, 2019; collateralized by two second mortgages. The original terms were \$100,000 note receivable with monthly payments of \$1,123 including interest at 6.25% from January 1, 2008 through January 1, 2018; collateralized by two second mortgages. No payments were received in 2011.	99,553	95,096
\$23,620 note receivable with monthly payments of \$500 including interest at 5.25% from July 8, 2010 through September 8, 2014 then a payment of \$433 on October 8, 2014; collateralized by equipment. The original terms were \$35,000 note receivable with monthly payments of \$1,022 including interest at 3.25% from April 3, 2008 through April 3, 2011; collateralized by equipment.	22,857	24,164
\$52,000 note receivable with monthly payments of \$796 including interest at 3.25% from May 30, 2008 through May 30, 2014; collateralized by equipment.	-	34,925

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 NOTES AND CAPITAL LEASES RECEIVABLE (Cont'd.)

	2011	2010
\$67,000 note receivable with monthly payments of \$885 including interest at 3.00% from October 16, 2008 through October 16, 2015; collateralized by land and building. No payments were received in 2011.	62,093	62,093
\$100,000 note receivable with monthly payments of \$977 including interest at 3.25% from November 7, 2008 through November 7, 2018; collateralized by land and building.	79,382	86,147
\$100,000 note receivable with monthly payments of \$966 including interest at 3.00% from November 30, 2008 through November 30, 2018; collateralized by land and building.	85,441	89,748
\$17,500 note receivable with monthly payments of \$177 including interest at 4.00% from November 3, 2008 through November 3, 2018; collateralized by land and building.	13,494	15,174
Subtotal – Micro Enterprise Fund	640,615	708,361
<u>Revolving Loan Fund</u>		
\$20,000 note receivable with monthly payments of interest only at 6.25% from March 1, 2007 to October 1, 2009. This note was renegotiated on June 28, 2010 to monthly payments of \$334 including interest at 3.25% ending June 28, 2015. The loan is secured with a personal guarantee.	14,943	19,000
\$49,750 note receivable with monthly payments of \$480 including interest at 3% from March 5, 2004 through March 5, 2009 with a balloon payment due April 5, 2009; collateralized by a mortgage. This loan is currently in default.	16,079	21,277
\$155,000 note receivable with monthly payments of \$1,497 including interest of 3.0% from June 30, 2010 to July 1, 2020; collateralized by a mortgage.	142,645	155,000
\$80,000 note receivable with monthly payments of \$562 including interest at 3.25% from June 24, 2009 through June 24, 2024; collateralized by a mortgage.	75,435	77,562
Subtotal – Revolving Loan Fund	249,102	272,839
Total all funds	1,237,196	1,307,556
Current	(270,342)	(224,998)
Total long-term notes and capital leases receivable	\$ 966,854	\$ 1,082,558

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 NOTES AND CAPITAL LEASES RECEIVABLE (Cont'd.)

The aggregate maturities of long-term receivables mature as follows:

<u>Years ending June 30</u>	<u>Amount</u>
2012	\$ 270,342
2013	186,245
2014	173,259
2015	137,684
2016	126,154
Thereafter	<u>344,232</u>
Total	<u>\$ 1,237,196</u>

NOTE 5 LAND HELD FOR RESALE

The Agency has entered into a verbal agreement with SCRPC regarding land purchased during the current fiscal year. The land is to be resold to SCRPC in the fiscal year ended June 30, 2011.

NOTE 6 RELATED PARTIES

The Agency and the Schoharie County Rural Preservation Corp. (the "SCRPC") are related through common board members.

At June 30, 2011 and 2010, the Agency had \$1,773 and \$6,847, respectively, in notes receivable due from SCRPC (See Note 4). In addition, the Agency has reflected \$319 and \$661 in interest income from the SCRPC for the years ended June 30, 2011 and 2010, respectively.

As of June 30, 2011 and 2010, the Agency had entered into a verbal agreement to purchase land for the purpose of reselling it to SCRPC (See Note 10).

The Agency entered into a lease with Schoharie County whereby the Agency leases office space to Schoharie County. This agreement ended March 2011. Schoharie County paid \$14,775 and \$19,700 for rent for the years ended June 30, 2011 and 2010, respectively.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 INDUSTRIAL DEVELOPMENT REVENUE BOND AND NOTE TRANSACTIONS

Certain industrial development revenue bonds and notes issued by the Agency are secured by property, which is leased to companies and is retired by lease payments. The bonds and notes are not obligations of the Agency or the State. The Agency does not record the assets or liabilities resulting from completed bond and note issues in the accounts, since its primary function is to arrange the financing between the borrowing companies and the bond and note holders and funds arising there from are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and notes. At June 30, 2011 and 2010, the original issue value of bonds issued was \$10,635,000. The outstanding balance of these bonds at June 30, 2011 and 2010, cannot be determined or reasonably estimated.

NOTE 8 CREDIT RISK

Cash

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 to the United States and its agencies and obligations of the State and its municipalities and school districts.

Total financial institution balances at June 30, 2011 and 2010, were either covered by FDIC insurance or collateralized by securities.

Notes Receivable

Notes receivable consist of numerous notes with businesses in Schoharie County. The Agency has collateralized its interest in these notes by retaining the reversionary rights to the property or by additional liens and mortgages on the property.

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SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINING SCHEDULE OF NET ASSETS

June 30, 2011
With comparative totals for 2010

<u>ASSETS</u>	<u>Operating Fund</u>	<u>Micro Enterprise Fund</u>	<u>Revolving Loan Fund</u>
Current assets:			
Cash and cash equivalents	\$ 450,339	\$ 108,908	\$ 28,882
Certificates of deposit	351,517	-	-
Accounts receivable	-	-	-
Accrued interest receivable	260	-	-
Prepaid expenses	9,659	-	-
Due (to) from	191	(191)	-
Notes and capital leases receivable - Current portion	110,335	129,083	30,924
Total current assets	922,301	237,800	59,806
Fixed assets:			
Land	82,257	-	-
Buildings and improvements	131,526	-	-
Office equipment	8,092	7,985	-
Total fixed assets	221,875	7,985	-
Less: Accumulated depreciation	(71,971)	(7,985)	-
Total net fixed assets	149,904	-	-
Other assets:			
Land held for resale	96,330	-	-
Notes and capital leases receivable - Long term	237,143	511,533	218,178
Total other assets	333,473	511,533	218,178
Total assets	\$ 1,405,678	\$ 749,333	\$ 277,984
 <u>LIABILITIES AND NET ASSETS</u>			
Current liabilities:			
Accrued expenses	\$ 1,046	\$ -	\$ -
Total current liabilities	1,046	-	-
Net assets:			
Invested in capital assets, net of related debt	149,904	-	-
Unrestricted	1,254,728	749,333	277,984
Total net assets	1,404,632	749,333	277,984
Total liabilities and net assets	\$ 1,405,678	\$ 749,333	\$ 277,984

See auditors' report.

Totals

<u>2011</u>	<u>2010</u>
\$ 588,129	\$ 280,743
351,517	598,227
-	14,637
260	1,371
9,659	3,014
-	-
<u>270,342</u>	<u>224,998</u>
<u>1,219,907</u>	<u>1,122,990</u>
82,257	82,257
131,526	131,526
<u>16,077</u>	<u>13,091</u>
<u>229,860</u>	<u>226,874</u>
<u>(79,956)</u>	<u>(74,658)</u>
<u>149,904</u>	<u>152,216</u>
96,330	69,290
<u>966,854</u>	<u>1,082,558</u>
<u>1,063,184</u>	<u>1,151,848</u>
<u>\$ 2,432,995</u>	<u>\$ 2,427,054</u>
<u>\$ 1,046</u>	<u>\$ 899</u>
<u>1,046</u>	<u>899</u>
149,904	226,874
<u>2,282,045</u>	<u>2,199,281</u>
<u>2,431,949</u>	<u>2,426,155</u>
<u>\$ 2,432,995</u>	<u>\$ 2,427,054</u>

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS

Year ended June 30, 2011

With comparative totals for 2010

	Operating Fund	Micro Enterprise Fund	Revolving Loan Fund	Totals	
				2011	2010
Operating revenues:					
Interest and earnings	\$ 9,542	\$ -	\$ -	\$ 9,542	\$ 11,175
Interest on notes	7,643	21,272	6,956	35,871	27,190
Lease income	14,775	-	-	14,775	19,700
Grants	-	-	-	-	255,000
Administrative fees	21,512	-	-	21,512	5,405
Miscellaneous	133	-	-	133	-
Total operating revenues	53,605	21,272	6,956	81,833	318,470
Operating expenses:					
Payroll and related expenses	24,148	-	-	24,148	24,932
Travel	981	-	-	981	1,060
Insurance	4,173	-	-	4,173	3,941
Legal and accounting	4,748	2,571	-	7,319	4,276
Bad debts	-	10,979	-	10,979	3,678
Maintenance and supplies	15,043	-	-	15,043	12,547
Miscellaneous	-	-	-	-	130
Depreciation	5,298	-	-	5,298	4,748
Administrative	3,334	4,436	303	8,073	111,321
Fire tax	25	-	-	25	23
Total operating expenses	57,750	17,986	303	76,039	166,656
Net operating income (loss)	(4,145)	3,286	6,653	5,794	151,814
Net assets, beginning of year	1,408,777	746,047	271,331	2,426,155	2,274,341
NET ASSETS, END OF YEAR	\$ 1,404,632	\$ 749,333	\$ 277,984	\$ 2,431,949	\$ 2,426,155

See auditors' report.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF OUTSTANDING STRAIGHT LEASE AGREEMENTS

Year ended June 30, 2011

Project Owner Project Owner Address	Purpose	Issue Date	Due Date	Tax		Real County
				Sales Tax Exemption State	Local	
Wal-Mart Distribution Center 1301 Southeast 10th Street Bentonville, AR 72716-8013	Retail Trade and Other	1995	2015	\$ -	\$ -	\$ 634,214
Kintz Plastic P.O. Box 127 Howes Cave, NY 12092	Manufacturing	2001	2012	-	-	8,520
AMT P.O. Box 338 Sharon Springs, NY 13459	Manufacturing	2001	2011	-	-	3,225
Cobleskill Stone Products P.O. Box 220 Cobleskill, NY 12043	Construction	2002	2013	-	-	8,754
Tennessee Gas Pipeline 1001 Louisiana Street Houston, Texas 77002	Gas Line	2007	2016	-	-	529,109
Schoharie Business Park, Inc. USDA Service Center 199 Morning Sun Drive Schoharie, NY 12157				-	-	-
				<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,183,822</u>

See auditors' report.

Exemptions			Payment in Lieu of Taxes			
Property Taxes		Total	County	Payment in Lieu of Taxes		Total
Local	School	Exemptions		Local	School	
\$ 761,394	\$ 1,531,104	\$ 2,926,712	\$ 10,800	\$ 72,800	\$ 36,400	\$ 120,000
3,843	18,893	31,256	6,816	3,074	15,115	25,005
3,871	7,785	14,881	2,902	3,223	7,007	13,132
3,948	19,413	32,115	7,003	3,159	15,530	25,692
308,192	1,226,789	2,064,090	538,549	312,165	1,110,661	1,961,375
-	-	-	-	-	-	-
<u>\$ 1,081,248</u>	<u>\$ 2,803,984</u>	<u>\$ 5,069,054</u>	<u>\$ 566,070</u>	<u>\$ 394,421</u>	<u>\$ 1,184,713</u>	<u>\$ 2,145,204</u>

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF FULL-TIME EQUIVALENT (FTE)
JOBS CREATED AND RETAINED

Year ended June 30, 2011

Project Owner:	# 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 Jobs Created During Fiscal Year
Wal-Mart Distribution Center	0	360	0	572	0
Kintz Plastics	128	20	128	98	0
AMT	22	10	22	28	0
Cobleskill Stone Products	0	10	3	22	0
Tennessee Gas Pipeline	<u>2</u>	<u>0</u>	<u>2</u>	<u>2</u>	<u>0</u>
	<u>152</u>	<u>400</u>	<u>155</u>	<u>722</u>	<u>0</u>

See auditors' report.

SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF EMPIRE ZONE ACTIVITY

Year ended June 30, 2011

Revenues:		
Grant	<u>\$ 4,438</u>	
Total revenues		\$ 4,438
Expenses:		
Personal service	3,565	
Audit	800	
Repairs and maintenance	5	
Postage	<u>27</u>	
Total expenses		<u>4,397</u>
NET INCOME		<u><u>\$ 41</u></u>

See auditors' report.

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Schoharie County Industrial Development Agency
349 Mineral Springs Road
Cobleskill, New York

We have audited the financial statements of Schoharie County Industrial Development Agency (the "Agency") as of and for the year ended June 30, 2011, and have issued our report thereon dated September 8, 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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.

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 matters that we reported to management of the Agency's in a separate letter, dated September 8, 2011.

This report is intended solely for the information and use of the Board of Directors, management and others within the Schoharie County Industrial Development Agency, federal awarding agencies and pass-through agencies and is not intended to be and should not be used by anyone other than these specified parties.

Gruen, Jureifel & Acott, LLP

Oneonta, New York
September 8, 2011