

**Town of Malone
Industrial Development Agency**

AUDIT REPORT

December 31, 2011 and 2010

**Douglas S. Wood, C.P.A., P.C.
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Town Of Malone Industrial Development Agency
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December 31, 2011 & 2010

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Town of Malone Industrial Development Agency
Malone, New York 12953

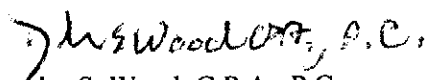
We have audited the accompanying financial statements of the governmental activities, of the Town of Malone Industrial Development Agency, as of and for the year ended December 31, 2011, which collectively comprise the agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Malone Industrial Development Agency's management. Our responsibility is to express opinions 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 includes assessing the accounting principles used and the 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 opinions.

As explained in Note 1 to the financial statements land acquired prior to 1990 is recorded at assessed value. In our opinion, generally accepted accounting principles require property to be recorded at cost.

In our opinion, except for the effects of not recording land at assessed value, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the Town of Malone Industrial Development Agency as of December 31, 2011, and the respective changes in financial position, therefore 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 March 19, 2012, on our consideration of the Town of Malone Industrial Development Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.


Douglas S. Wood, C.P.A., P.C.
March 19, 2012

Town of Malone Industrial Development Agency
BALANCE SHEETS
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 64,122	\$ 42,690
Accounts receivable	<u>5,398</u>	<u>7,108</u>
TOTAL CURRENT ASSETS	69,520	49,798
PROPERTY & EQUIPMENT		
Land	<u>105,000</u>	<u>105,600</u>
	<u>\$ 174,520</u>	<u>\$ 155,398</u>
LIABILITIES & FUND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 1,376	\$ 1,376
Deferred revenue	<u>0</u>	<u>500</u>
TOTAL CURRENT LIABILITIES	1,376	1,876
LONG-TERM DEBT	0	0
Net Assets	<u>173,144</u>	<u>153,522</u>
	<u>\$ 174,520</u>	<u>\$ 155,398</u>

Town of Malone Industrial Development Agency
STATEMENTS OF REVENUES, EXPENSES & CHANGES IN FUND EQUITY
For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES		
User's fee	\$ 22,040	\$ 26,981
Interest/late fees	422	570
Gain on sale of land	<u>11,900</u>	<u>0</u>
	<u>34,362</u>	<u>27,551</u>
 OPERATING EXPENSES		
Personal services	2,400	1,200
Utilities	7,564	7,259
Professional fees	2,082	1,700
Repair & maintenance	2,680	5,828
Miscellaneous	<u>14</u>	<u>72</u>
	<u>14,740</u>	<u>16,059</u>
 INCOME (LOSS) FROM OPERATIONS	 <u>19,622</u>	 <u>11,492</u>
 NET ASSETS	 19,622	 11,492
 NET ASSETS – Beginning	 <u>153,522</u>	 <u>142,030</u>
 NET ASSETS – Ending	 <u>\$ 173,144</u>	 <u>\$ 153,522</u>

TOWN OF MALONE INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (Loss) Income	\$ 19,622	\$ 11,492
Adjustments to reconcile net income to net cash provided by operations		
Gain on sale of land	(11,900)	
(Increase) decrease in:		
Trade accounts receivable	1,710	(2,046)
Increase (decrease) in:		
Accounts payable		
Deferred revenue	(500)	
NET CASH PROVIDED BY OPERATIONS	<u>8,932</u>	<u>9,446</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
NET CASH PROVIDED BY INVESTING ACTIVITIES	0	0
Proceeds sale of land	<u>12,500</u>	<u>0</u>
	12,500	0
CASH FLOWS FROM FINANCING ACTIVITIES		
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>0</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH	21,432	9,446
CASH AT BEGINNING OF YEAR	<u>42,690</u>	<u>33,244</u>
CASH AT END OF YEAR	<u>\$ 64,122</u>	<u>\$ 42,690</u>
SUPPLEMENTAL DISCLOSURES		
Interest paid (net of amounts capitalized)	\$ 0	\$ 0

Town of Malone Industrial Development Agency
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Malone Industrial Development Agency have been prepared in conformity with generally accepted accounting principles. Significant accounting policies are:

A. Organization and Purpose

The Agency was created in 1972 by the State of New York, under the provisions of Chapter 314 of the Laws of New York State for the purpose of encouraging economic growth in the Town of Malone. The Agency is exempt from Federal, State and Local income taxes. The Agency, although established by the Town of Malone, is a separate entity and operates independently of the Town of Malone.

B. Property

Property acquired by the Agency prior to January 1, 1990, is stated at assessed value.

C. Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at reported period. Actual results could differ from those estimates

D. Investments

The Agency's investment policies are governed by state statutes. Agency monies are required to 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.

Collateral is required for demand deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

E. Cash and Concentration of Credit Risk

As of December 31, 2011 and 2010, all bank deposits are entirely insured or collateralized with securities by the Agency's agent in the Agency's name.

Town of Malone Industrial Development Agency
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

F. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with maturity of three months or less as cash equivalents. There were no such items at the beginning of the year or the end of the year.

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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

To the Board of Trustees
Town of Malone Industrial Development Agency
Malone, New York 12953

We have audited the financial statements of the governmental activities, of the Town of Malone Industrial Development Agency, as of and for the year ended December 31, 2011, which comprise the Town of Malone Industrial Development Agency's basic financial statements and have issued our report thereon dated March 19, 2012. 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 Town of Malone Industrial Development 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 Town of Malone Industrial Development Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Malone Industrial Development Agency's internal control over financial reporting.

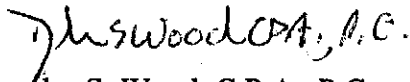
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination 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 Town of Malone Industrial Development 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Board of Trustees, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Douglas S. Wood, C.P.A., P.C.
Malone, New York 12953

March 19, 2012