

COUNTY OF OTSEGO  
INDUSTRIAL DEVELOPMENT AGENCY  
(A Component Unit of Otsego County, New York)

FINANCIAL STATEMENTS

Years Ended December 31, 2011 and 2010

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
County of Otsego Industrial Development Agency  
242 Main Street  
Oneonta, New York

We have audited the accompanying statements of net assets of County of Otsego Industrial Development Agency ("COIDA") (a component unit of Otsego County, New York) as of December 31, 2011 and 2010, and the related statements of revenues, expenditures and changes in net assets, and cash flows for the years then ended. These basic financial statements are the responsibility of COIDA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of COIDA as of December 31, 2011 and 2010, and the results of its operations and cash flows for the years 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 August 8, 2012, on our consideration of COIDA'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.

Accounting principles generally accepted in the United States of America require that the Management's Discussion & Analysis on Page 3 - 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, 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 COIDA'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 - 18 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 Supplemental Bond and Note Information, Schedule of Outstanding Sale and Lease Agreements, and Schedule of 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, Jureifel & Acott, LLP*

Oneonta, New York  
August 8, 2012

## COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

### MANAGEMENT AND DISCUSSION ANALYSIS

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As the financial management of the County of Otsego Industrial Development Agency (COIDA), we offer readers of these financial statements this narrative overview and analysis of the financial activities for COIDA for the fiscal year ended December 31, 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. COIDA encourages its readers to consider the information presented here in conjunction with the financial statements taken as a whole.

#### Budget

COIDA budgets its operating income and expenses each year. COIDA's primary source of income is generated through lease payments on building it owns in the Pony Farm Industrial Park, interest income on loan repayments and fee for services including Sale/Leaseback agreements.

Expenses for COIDA comprise mostly of general agency operations including maintenance for the Industrial Park, marketing, professional service fees and annual voluntary PILOT payments. The COIDA does not have direct employees. Administrative and clerical support is provided by the County Economic Development Department for which COIDA contributes a fixed annual payment under a Contract for Services.

COIDA strictly adheres to financial procedures and requirements of New York State General Municipal Law, Article 18A, and its own bylaws, as audited by our accountants Gruver, Zweifel & Scott, LLP.

#### Overview of the Financial Statements

This discussion and analysis accompanies COIDA'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

COIDA's financial statements provide readers with a comprehensive reporting of COIDA'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 revenue for COIDA was \$152,649 for fiscal year 2011. This was a decrease of approximately 34% over the prior year. Net loss produced a decrease in net assets of \$222,067. At the close of fiscal year 2011, COIDA had net assets of \$4,695,791, a decrease of 4.5% over the prior year, which was attributable to an increase in the allowance for loans.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT AND DISCUSSION ANALYSIS

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COIDA's prime objective is to provide assistance to existing businesses, expansions and business startups with professional assistance, educational programs and access to capital for the purposes of creating jobs and economic development activity within Otsego County. The loan funds are comprised of grants dedicated to this purpose and matching funds from COIDA's accumulated working capital. The revolving loan fund in the entity's statement of net assets is the major asset. For COIDA's loan funds, the financial statement shows a net decrease of \$199,340 from \$1,637,303 at year-end 2010 to \$1,437,963 at year-end 2011.

COIDA's current major capital assets are the Pony Farm Industrial Park in Oneonta and property in Richfield Springs for a future industrial park. These projects are concurrent with COIDA's objectives of encouraging economic development in the county.

**ACCOMPLISHMENTS**

*Loans Approved ~*

**Foothills Performing Arts Center (\$100,000)**

In June 2011, the COIDA made a \$100,000 loan to FPAC to assist in their ongoing operations. The loan was drawn down on a monthly basis (4) after review of monthly financial statements and fundraising activity. This loan will be deferred for 3 years while the facility completes its build out. Foothills continues to be a successful and sought after venue for performing arts, events and civic use.

**The Parish Plains**

The COIDA approved \$150,000 to the Parish Plains to assist with working capital needs due to the opening of the Assisted Living Building. The parish Plains employs 43 full-time people

**Otsego County Development Corporation – Wright National Soccer Campus**

As a continuation to the contract between the IDA and the Otsego County Development Corporation, a second loan was made to OCDC for the ongoing responsibility of maintaining the fields at the Wright national Soccer campus with the mission of providing world class soccer fields and facility for local and state-wide use. In April 2011, this new loan agreement was made for \$60,000. It is anticipated that once OCDC begins to generate rental revenue from the building's occupancy by Ioxus, OCDC will be able to pay back to loan.

The Project committee and board continue to monitor all loan clients performances. There are 18 active clients in this loan portfolio.

**SALE / LEASEBACK PROJECTS**

**The Parish Plains**

The Agency approved a request from The Plains at Parish Homestead for a PILOT agreement. The PILOT was structured according to a commercial non-industrial value added schedule. The PILOT was filed on February 25, 2011.

**TECHNICAL / TRAINING ASSISTANCE**

STEM Leadership The COIDA contributed \$2,500 towards the inaugural STEM Leadership Camp at SUNY Oneonta in the summer of 2011. This one week summer camp was offered to kids in 6<sup>th</sup> grade interested in pursuing activities related to science, technology, engineering and math.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT AND DISCUSSION ANALYSIS

**MARKETING**

**Job Zone Videos**

In an effort to help promote local growing businesses and employee recruitment efforts, COIDA paid \$5,000 for the filming and production of 6 videos that highlight local growing businesses and job skills needed to attain jobs in those organizations. To date, “virtual tour” videos have been produced for Springbrook, Bassett, Custom Electronics, Brewery Ommegang, and Hartwick College.

**INFRASTRUCTURE**

***Siemens***

The COIDA completed maintenance on the Siemen’s building in 2011. Improvements were made to sidewalks, drainage and ventilation systems.

***Commuter Parking Access***

As per a request through Amphenol and the County Planning Department, COIDA has allowed the use of the parking lot on Lot 8 for commuters to Sidney area. Approximately 14 people are taking advantage of the bus transportation now being offered.

***Richfield Springs Business Park Development***

The IDA has decided not to pursue the development of the Richfield Business Park for feasibility reasons. Alternatives to this development will be actively pursued in 2012.

**Economic Factors**

2011 continued to be a difficult economic environment, on the global, national and local level. Commercial lending continued to lag, hampering the access to capital many businesses need for growth and stability. However, throughout the year, COIDA continued to reach out to existing businesses for growth opportunities and identify business retention cases. Agribusiness and growth in downtown areas continue to be of significant focus for economic activity during the year.

2011 also saw the launch of Governor Cuomo’s Regional Economic Development Councils and the commitment to streamline economic development agencies and programs, develop regional strategic plans and build a pipeline for targeted economic development initiatives. The following is a 2011-2010 comparative summary of COIDA’s financial statements, showing the increase in net assets:

	<u>2011</u>	<u>2010</u>
Current assets	\$ 1,873,840	\$ 1,872,089
Non-current assets	<u>2,832,561</u>	<u>3,063,287</u>
Total assets	<u>\$ 4,706,401</u>	<u>\$ 4,935,376</u>
Current liabilities	\$ 10,610	\$ 17,518
Net assets	<u>4,695,791</u>	<u>4,917,858</u>
Total liabilities and net assets	<u>\$ 4,706,401</u>	<u>\$ 4,935,376</u>

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

MANAGEMENT AND DISCUSSION ANALYSIS

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY'S  
CHANGES IN NET ASSETS

	<u>2011</u>	<u>2010</u>
Operating revenues	\$ 152,649	\$ 233,195
Operating expenses	<u>(370,661)</u>	<u>(123,389)</u>
Operating income	<u>(218,012)</u>	<u>109,806</u>
Non-operating expenses:		
Payment in lieu of taxes	<u>4,055</u>	<u>17,322</u>
Change in net assets	(222,067)	92,484
Net assets, beginning of year	<u>4,917,858</u>	<u>4,825,374</u>
Net assets, end of year	<u>\$ 4,695,791</u>	<u>\$ 4,917,858</u>

2012 MARKETING INITIATIVES

- Develop property fact sheets for direct marketing campaigns and website viewing and downloading.
- Develop a comprehensive inventory of available Sites & Buildings for lease or purchase.
- Local advertising / Press releases.
- Participation in a Trade Show/Target Industry Event.
- Direct mail campaign to Site Selectors and past leads generated.

2012 GOALS

- Conduct annual business retention and site visits to existing companies in Otsego County.
- Continue to offer a free "How to Start and Operate a Small Business Class" for Otsego County residents to encourage new business start-up ventures.
- Conduct an Economic Development Educational seminar for local officials to understand new business development needs and community readiness.

Requests for Information

Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Carolyn Lewis, Administrative Director, County of Otsego Industrial Development Agency, 242 Main Street, Oneonta, New York 13820.



COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF NET ASSETS

December 31, 2011 and 2010

<u>ASSETS</u>	<u>2011</u>	<u>2010</u>
Current assets:		
Cash and cash equivalents	\$ 132,077	\$ 196,299
Certificates of deposit	1,303,953	1,294,242
Accrued interest receivable	14,147	19,555
Prepaid expenses	2,637	10,971
Notes receivable - Current portion	421,026	294,308
Total current assets	<u>1,873,840</u>	<u>1,815,375</u>
Fixed assets, net	<u>1,695,010</u>	<u>1,720,292</u>
Other assets:		
Due from OCDC	120,614	56,714
Notes receivable - long term - net of allowance for bad debts of \$256,097 for 2011 and \$73,586 for 2010.	1,016,937	1,342,995
Total other assets	<u>1,137,551</u>	<u>1,399,709</u>
Total assets	<u>\$ 4,706,401</u>	<u>\$ 4,935,376</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 2,630	\$ 9,538
Deferred revenue	7,980	7,980
Total liabilities	<u>10,610</u>	<u>17,518</u>
Net assets:		
Investment in unrestricted capital assets, net of debt	1,695,010	1,720,292
Unrestricted net assets	3,000,781	3,197,566
Total net assets	<u>4,695,791</u>	<u>4,917,858</u>
Total liabilities and net assets	<u>\$ 4,706,401</u>	<u>\$ 4,935,376</u>

See accompanying notes.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF REVENUES, EXPENDITURES  
AND CHANGES IN NET ASSETS

Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Interest income	\$ 56,689	\$ 88,815
Rental of real property	95,760	95,760
Bond and loan application fees	200	13,555
Bad debt recovery	-	32,539
Other	-	2,526
	<u>152,649</u>	<u>233,195</u>
Total operating revenues		
Operating expenses:		
Contractual expenses:		
General and industrial park	85,365	93,769
Rental real estate	3,918	4,227
Bad debt expense	256,097	-
Depreciation	25,281	25,393
	<u>370,661</u>	<u>123,389</u>
Total operating expenses		
Operating income (loss)	<u>(218,012)</u>	<u>109,806</u>
Non-operating expenses:		
Payment in lieu of taxes	<u>4,055</u>	<u>17,322</u>
Total non-operating expenses	<u>4,055</u>	<u>17,322</u>
Net income (loss)	(222,067)	92,484
Net assets, beginning of year	<u>4,917,858</u>	<u>4,825,374</u>
NET ASSETS, END OF YEAR	<u>\$ 4,695,791</u>	<u>\$ 4,917,858</u>

See accompanying notes.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF CASH FLOWS

Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash flows from operating and non-operating activities:		
Net income (loss)	\$ (222,067)	\$ 92,484
Adjustments to reconcile net income to net cash provided by operating and non-operating activities:		
Depreciation	25,281	25,393
Bad debt	256,097	-
Changes in operating assets and liabilities:		
(Increase) decrease in accrued interest receivable	5,408	(9,150)
(Increase) decrease in prepaid expenses	8,334	(8,812)
Increase (decrease) in accounts payable	(6,908)	(8,539)
Increase (decrease) in collections in advance	-	7,980
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>66,145</u>	<u>99,356</u>
Cash flows provided by (used in) investing activities:		
Net certificates of deposit (purchased) redeemed	(9,711)	281,642
Issuance of notes receivable	(250,000)	(300,000)
(Increase) decrease in due to/from	(63,900)	(56,714)
Principal payments on notes receivable	193,244	165,961
Purchase of fixed assets and land	-	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(130,367)</u>	<u>90,889</u>
Cash flows provided by (used in) financing activities:		
Repayment of line of credit	-	(5,000)
NET CASH USED IN FINANCING ACTIVITIES	<u>-</u>	<u>(5,000)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVLAENTS	(64,222)	185,245
Cash and cash equivalents, beginning of year	<u>196,299</u>	<u>11,054</u>
Cash and cash equivalents, end of year	<u>\$ 132,077</u>	<u>\$ 196,299</u>

See accompanying notes.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION

The County of Otsego Industrial Development Agency (COIDA) was organized May 1, 1973 by the Otsego County Legislature under the authority of General Municipal Law, Section 856.1A of the State of New York. COIDA is a component unit of Otsego County, New York, based on the criteria set forth in Governmental Accounting Standards Board (GASB) Statement 14.

COIDA was established to provide professional assistance, educational programs and loans for existing businesses expansions and business startups in Otsego County to encourage plant modernization, to create job opportunities and promote commerce and industry.

Related Entity

In 2009, the County of Otsego formed the Otsego County Capital Resource Corporation (OCCRC) to facilitate the issuance of civic facility revenue bonds. COIDA and OCCRC are considered related entities because they have similar board members and staff. However, OCCRC does not meet requirements of GASB to be considered a component unit of the COIDA.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of COIDA 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, COIDA 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 COIDA'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.

Notes Receivable

Notes receivable are shown net of the allowance for uncollectible accounts in accordance with GAAP. Receivables for loans and mortgages are reviewed periodically by management to update the allowance for uncollectible amounts. These provisions are estimated based on an analysis of the aging of the receivable and any other factors known by management.

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 COIDA meets performance requirements of the contracts.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

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

Depreciation

COIDA uses the accounting policy of capitalizing all fixed assets at cost in excess of \$100 with an estimated useful life in excess of one year. Depreciation of buildings and improvements are provided for over the estimated useful life, ranging from ten to forty years, of the respective assets, on a straight-line basis. Depreciation expense charged against rental revenue amounted to \$25,281 and \$25,393 for the years ended December 31, 2011 and 2010, respectively.

Cash and Cash Equivalents

For purpose of the statements of cash flows, COIDA considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Contributed Facilities and Services

COIDA, with the consent of the Board of Representatives from Otsego County, is authorized to use and has shared county employees, facilities, and equipment and may reimburse the county an agreed upon proportion of the compensation or costs of the services provided. COIDA incurred \$21,500 and \$17,500 in expenses in 2011 and 2010, respectively.

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.

Revenue and Expense Classification

COIDA distinguishes operating revenues and expenses from non-operating items in its financial statements. Operating revenues and expenses generally result from providing services in connection with COIDA's principal on-going operations. COIDA's operating expenses include project program costs and related administration expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Deferred Revenue

COIDA receives advanced receipt of rental income from its rental properties. Prepaid rents are deferred until earned and recorded as collections in advance and recorded as earned income in the appropriate month.

Prepaid Expenditures

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

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

Federal Income Taxes

COIDA is an entity that is operated by a governmental organization and is exempt from federal, state and local income taxes.

Net Assets

COIDA reports its net assets in three components. Net assets invested in capital assets are equal to amounts reported for capital net assets, net of related debt and accumulated depreciation. Restricted net assets are reported when assets (net of related debt) can only be used for a specific purpose that is established by grantors, contributors, laws or regulations governing COIDA. For this reason, all restricted net assets are considered expendable. Unrestricted net assets are all other net assets that do not meet the definition of invested capital assets or restricted net assets.

Events Occurring After Reporting Date

COIDA has evaluated subsequent events through August 8, 2012, which is the date the financial statements were available to be issued.

NOTE 3 CERTIFICATES OF DEPOSIT

At December 31, 2011, there were five certificates of deposit totaling \$1,303,953 with interest rates varying from .20% to 1.1%. The certificates mature at various dates in 2012.

At December 31, 2010, there were six certificates of deposit totaling \$1,294,242 with interest rates varying from .35% to 1%. The certificates matured at various dates in 2011.

NOTE 4 FIXED ASSETS

Fixed assets in 2011 are comprised of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Buildings	\$ 572,707	\$ 354,994	\$ 217,713
Improvements	<u>281,354</u>	<u>36,511</u>	<u>244,843</u>
Subtotal depreciable assets	854,061	391,505	462,556
Office equipment	<u>3,095</u>	<u>3,095</u>	<u>-</u>
Total depreciable assets	857,156	394,600	462,556
Land	472,399	-	472,399
Improvements other than buildings	<u>803,318</u>	<u>43,263</u>	<u>760,055</u>
Net fixed assets	<u>\$ 2,132,873</u>	<u>\$ 437,863</u>	<u>\$ 1,695,010</u>

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 FIXED ASSETS (Cont'd.)

Fixed assets in 2010 are comprised of the following:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Buildings	\$ 572,707	\$ 342,218	\$ 230,489
Improvements	<u>281,354</u>	<u>33,382</u>	<u>247,972</u>
Subtotal depreciable assets	854,061	375,600	478,461
Office equipment	<u>3,095</u>	<u>3,095</u>	<u>-</u>
Total depreciable assets	857,156	378,695	478,461
Land	472,399	-	472,399
Improvements other than buildings	<u>803,318</u>	<u>33,886</u>	<u>769,432</u>
Net fixed assets	<u>\$ 2,132,873</u>	<u>\$ 412,581</u>	<u>\$ 1,720,292</u>

NOTE 5 INDUSTRIAL PARK

COIDA is the owner of Pony Farm Industrial Park (approximately 70 acres) located in the Town and City of Oneonta. COIDA owns one 19,000 square foot building that is currently under lease. All the other buildings located in the park are privately owned. As of December 31, 2011, there were no vacant buildings in the Industrial Park. Improvements in the amount of \$776,542 have been made to the property.

COIDA owns approximately 58.76128 acres of land in Richfield, New York. This land was purchased as a site for an industrial park. Improvements in the amount of \$159,061 have been made to the Richfield property.

NOTE 6 LINE OF CREDIT

COIDA has available a line of credit with Community Bank in the amount of \$556,634, which is renewed annually. Bank advances on the line of credit are payable on demand and carry an interest rate of 6.3% as of December 31, 2011. The line of credit is secured by the borrowers' certificates of deposit with Community Bank. There was no outstanding balances at December 31, 2011.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 NOTES RECEIVABLE

The following table summarizes COIDA's notes receivable.

<u>Borrower</u>	<u>Interest Rate</u>	<u>Monthly Payment</u>	<u>Maturity</u>	<u>12/31/11 Principal</u>	<u>12/31/10 Principal</u>
Equisentials, LLC	4.0%	1,367	02-2016	\$ 83,995	\$ 85,078
R.J. Millworks, Inc. II	4.0%	875	10-2011	890	11,111
Seeley's Ceramic Services, Inc.	4.0%	825	11-2008	-	27,489
Optogeneric Devices 2007	4.0%	3,276	03-2011	122,637	122,637
David Rees	4.0%	1,638	07-2018	121,994	128,172
Mac Farms, Inc.	4.0%	921	11-2008	-	45,800
TRC Enterprises #1	4.0%	520	12-2014	23,796	23,796
Centefonte Land, LLC	4.0%	1,519	12-2014	51,439	67,260
Butternuts Beer & Ale #2	4.0%	994	11-2016	60,477	67,434
TRC Enterprises #2	4.0%	296	08-2014	25,669	25,669
H.W. Naylor	4.0%	1,519	09-2017	93,473	107,649
Enviro Energy	4.0%	740	08-2023	85,850	92,905
Ioxus, Inc.	4.0%	2,734	09-2015	114,061	141,701
Cleinman, LLC	4.0%	1,025	12-2018	73,305	82,325
JSJJ Enterprises, LLC	4.0%	1,519	02-2019	117,769	128,826
Mold-A-Matic	4.0%	1,369	10-2016	76,477	89,536
Brewery Ommegang	4.0%	2,734	01-2017	150,607	176,816
Ioxus, Inc.	2.5%	1,299	12-2016	76,614	90,103
Oneonta Theater	4.0%	1,012	08-2020	88,142	96,582
Larry's Custom Meats	4.0%	1,012	08-2020	97,958	100,000
The Plains	3.0%	2,695	03-2016	128,907	-
Foothills PAC	0.0%	1,667	06-2019	<u>100,000</u>	<u>-</u>
Subtotal				1,694,060	1,710,889
Less: Allowance for bad loans				<u>(256,097)</u>	<u>(73,586)</u>
Total				1,437,963	1,637,303
Less: Current portion				<u>(421,026)</u>	<u>(294,308)</u>
Total long-term portion, net				<u>\$ 1,016,937</u>	<u>\$ 1,342,995</u>

NOTE 8 LEASES

COIDA is a lessor in an operating lease agreement for the industrial incubator building through October 31, 2013. This lease has a tenant option to extend an additional two periods of three years each (subject to rent increases of \$5,040 and \$9,840 per year). COIDA received rental income under this lease in the amount of \$95,760 for the years ending December 31, 2011 and 2010.



COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 OUTSTANDING INDUSTRIAL REVENUE BOND AND NOTE TRANSACTIONS

Certain industrial development revenue bonds and notes issued by COIDA are secured by property that is leased to companies and is retired by lease payments. The bonds and notes are not obligations of COIDA or the State of New York. COIDA does not record the assets or liabilities resulting from completed bond and note issued in its accounts, since its primary function is to arrange the financing between the borrowing companies and the bond and note holders, and funds arising therefrom are controlled by trustees or banks acting as fiscal agents. For providing this service, COIDA receives bond administration fees from the borrowing companies. This administrative fee income is recognized immediately upon issuance of bonds and notes. Since its inception, COIDA has issued various bonds and notes under these and similar arrangements.

NOTE 10 OUTSTANDING CIVIC FACILITY REVENUE BONDS

Structured similar to industrial revenue bonds, civic facility bonds are tax-exempt bonds issued for projects undertaken by not-for-profit "civic facilities" owned or occupied by not-for-profit corporations organized and existing under the laws of or authorized to conduct activities in this state. COIDA is no longer able to provide civic facility bond financing since Section 854 of the NYS General Municipal Law expired. Otsego County Capital Resource Corporation (OCCRC) will now facilitate for issuance of civic facility revenue bonds for eligible organizations through out the county.

NOTE 11 FINANCIAL INSTRUMENTS WITH CONCENTRATION OF CREDIT RISK

Cash and Cash Equivalents

State statues govern COIDA's investment policies. In addition, COIDA has its own written investment policy. COIDA monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, and obligations of New York State or its localities.

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

Total financial institution balances at December 31, 2011 and 2010 were either covered by FDIC insurance or collateralized by securities.

Notes Receivable

Notes receivable consists of numerous notes with businesses in Otsego County. COIDA has collateralized its interest in these notes by retaining the reversionary rights to the property or by acquiring additional liens and mortgages on the property.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO THE FINANCIAL STATEMENTS

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NOTE 12 RELATED PARTY TRANSACTIONS

COIDA has related party relationships with OCCRC and Otsego County Development Corp. (OCDC). The same personnel manager is at all three entities.

At December 31, 2011 and 2010, loans receivable from OCDC were \$120,614 and \$56,714, respectively. These loans were made to help assist OCDC with the maintenance requirements of the Wright National Soccer Campus. When OCDC begins to generate rental income from the building on the property where the campus is located, repayment of these notes will begin. There is no interest being charged on these loans.

NOTE 13 RECLASSIFICATIONS

The 2010 presentation of net assets has been changed to reflect the three components of net assets presented in 2011.

\* \* \* \* \*

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF  
BUDGETARY COMPARISON

Year ended December 31, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Over (Under)</u>
Revenue:			
Interest income - Certificates of deposits and banks	\$ 5,000	\$ 9,757	\$ 4,757
Interest income - Loans	61,495	46,932	(14,563)
Bond and loan application fees	-	200	200
Rent - Incubator/Siemens	95,760	95,760	-
	<u>162,255</u>	<u>152,649</u>	<u>(9,606)</u>
Expenses:			
Promotional advertisements	39,249	10,808	(28,441)
Legal advertisements	350	-	(350)
General maintenance	-	6,100	6,100
Supplies	2,870	2,140	(730)
Travel and lodging	1,000	921	(79)
Meals and entertainment	-	-	-
Conferences/NDC courses	4,950	2,832	(2,118)
Insurance	11,682	9,796	(1,886)
Audit	5,000	5,200	200
Professional fees	17,860	7,310	(10,550)
Contract for services	17,500	21,500	4,000
Consulting services	20,000	-	(20,000)
Other expenses	22,749	15,411	(7,338)
Other/special assessments	4,507	1,408	(3,099)
Depreciation - general	-	25,281	25,281
Incubator repairs and maintenance	12,500	5,857	(6,643)
Bad Debt Expense	-	256,097	256,097
Grants	-	-	-
Voluntary PILOTS	8,748	4,055	(4,693)
	<u>168,965</u>	<u>374,716</u>	<u>205,751</u>
Total expenses	<u>168,965</u>	<u>374,716</u>	<u>205,751</u>
Net income	<u>\$ (6,710)</u>	<u>\$ (222,067)</u>	<u>\$ (215,357)</u>

See auditors' report.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF CONTRACTUAL EXPENSES

Year ended December 31, 2011

	<u>General and Industrial Park</u>	<u>Rental Real Estate</u>	<u>Total</u>
Insurance	\$ 5,878	\$ 3,918	\$ 9,796
Advertising and promotion	10,808	-	10,808
Internet and website	95	-	95
Travel and seminars	3,753	-	3,753
Professional fees	12,510	-	12,510
Special assessments	1,408	-	1,408
Maintenance	11,957	-	11,957
County contract	21,500	-	21,500
Membership dues	11,236	-	11,236
Office supplies	2,140	-	2,140
Fees	140	-	140
Community Contributions	3,524	-	3,524
Other	416	-	416
	<u>          </u>	<u>          </u>	<u>          </u>
Total contractual expenses	<u>\$ 85,365</u>	<u>\$ 3,918</u>	<u>\$ 89,283</u>

See auditors' report.

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULE OF SUPPLEMENTAL BOND AND NOTE INFORMATION

For The Year Ended December 31, 2011

Purchaser	Issuee	Issue Date	Price
Wells Fargo Bond Purpose:	Mary Imogene Bassett Hospital Cooperstown, New York 13326 Refinance	4/1/1998	\$ 15,000,000
Wells Fargo Bond Purpose:	Mary Imogene Bassett Hospital Cooperstown, New York 13326 Refinance	5/1/1998	14,900,000
Cain Brothers Bond Purpose:	A.O. Fox Memorial Hospital Society Oneonta, New York 13820 Refinance	10/15/1998	15,000,000
Wells Fargo Bond Purpose:	St. James Retirement Community Oneonta, New York 13820 Construction	9/3/1998	4,080,000
Wells Fargo Bond Purpose:	Noonan Community Service Corp Oneonta, New York 13820 Construction of Facility	3/6/2000	4,135,000
Key Bank Bond Purpose:	Templeton Foundation Oneonta, New York 13820 Construction	6/1/2000	9,300,000
George K. Baum & Company Bond Purpose:	Hartwick College Oneonta, New York 13820 Consolidation of bonds	6/19/2002	24,590,000
NBT Bank Bond Purpose:	A.O. Fox Memorial Hospital Society Oneonta, New York 13820 Building renovation and equipment	11/18/2004	3,000,000
Community Bank NA Bond Purpose:	A.O. Fox Memorial Hospital Society Oneonta, New York 13820 Building renovation and equipment	12/29/2004	6,900,000
Key Bank Bond Purpose	Templeton Foundation Cooperstown, New York 13326 Building renovation and equipment \$12,400,000 bond refunded by OCCRC 12/2/11	6/25/2007	13,500,000
Key Bank Bond Purpose	Mary Imogene Bassett Hospital Cooperstown, New York 13326 Building renovation and equipment \$19,200,000 bond refunded by OCCRC 11/2/11	11/30/2007	20,000,000

See auditors' report.

<u>Rate</u>	<u>Balance</u>	<u>Due Date</u>
4.75%	\$ 8,025,000	11/1/2020
4.75%	4,345,000	11/1/2020
4.125%	8,155,000	10/1/2019
2.80%	2,035,000	8/1/2027
3.60%	2,005,000	3/6/2025
Adjustable	3,235,000	6/1/2015
3.75-6%	18,625,000	7/1/2022
4.250%	486,020	10/31/2012
5.21%	5,962,346	11/30/2030
3.99%	-	6/1/2027
3.50%	-	5/1/2027

COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY  
SCHEDULE OF OUTSTANDING SALE AND LEASE AGREEMENTS

Year ended December 31, 2011

Project Owner Project Owner Address	Purpose	Issue Date	Due Date	Sales Tax Exemptions	
				State	Local
GC Castings, Ltd./Charley Lay Roundhouse Road Oneonta, NY 13820	Acquisition and Construction of Building	3/27/1997	3/11/2012	-	-
Elizabeth Hotels, Inc. Market Street Oneonta, NY 13820	Acquisition and Construction of Building	3/1/2000	2/5/2021	-	-
Trefffeison Properties I, LLC Roundhouse Road Oneonta, NY 13820	Acquisition and Construction of Building	12/21/2000	1/31/2016	-	-
R.J. Millworkers, Inc. Lewis Street Oneonta, NY 13820	Acquisition and Renovation of Building	10/23/2001	10/23/2016	-	-
Lutz Feed Company, Inc Lower River Street Oneonta, NY 13820	Acquisition and Construction of Building	5/17/2004	5/17/2019	-	-
Brewery Ommegang County Hwy 33 Cooperstown, NY 13326	Acquisition and Construction of Building	2/25/2011	1/25/2026	-	-
The Plains at Parish St Hwy 7 Oneonta, NY 13820	Acquisition and Construction of Building	Pilot not in effect until 2012 2/25/2011	1/25/2021	-	-
				<u>\$ -</u>	<u>\$ -</u>

See auditors' report.

Tax Exemptions				Payment in Lieu of Taxes			
Real Property Tax		Total					
County	Local	School	Exemptions	County	Local	School	Total
166	559	960	1,685	498	1,676	2,879	5,053
11,202	37,692	64,728	113,622	4,096	13,782	23,667	41,545
437	1,471	2,526	4,434	437	1,471	2,526	4,434
712	2,397	4,117	7,226	1,762	5,927	10,178	17,867
411	315	2,719	3,445	137	105	906	1,148
-	-	-	-	4,125	2,217	25,710	32,052
-	-	-	-	39,339	132,359	227,303	399,001
<u>\$ 12,928</u>	<u>\$ 42,434</u>	<u>\$ 75,050</u>	<u>\$ 130,412</u>	<u>\$ 50,394</u>	<u>\$ 157,537</u>	<u>\$ 293,169</u>	<u>\$ 501,100</u>



COUNTY OF OTSEGO INDUSTRIAL DEVELOPMENT AGENCY

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

Year ended December 31, 2011

	<u># of FTE Employees at Project Location before IDA Status</u>	<u>Original Estimate of Jobs to be Created</u>
Issuee:		
Mary Imogene Bassett Hospital	1,721	-
Mary Imogene Bassett Hospital	Incl. with MIBH above	-
A.O. Fox Memorial Hospital Society	600	-
St. James Retirement Community	-	10
Noonan Community Service Corp.	17	2
Templeton Foundation	80	20
Hartwick College	415	
A.O. Fox Memorial Hospital Society	Incl. with AO Fox above	-
A.O. Fox Memorial Hospital Society	Incl. with AO Fox above	2
Templeton Foundation	Incl. with TF above	34
Mary Imogene Bassett Hospital	Incl. with MIBH above	-
Project Owner:		
GC Castings, Ltd./Charley Lay	16	3
Elizabeth Hotels, Inc.	-	25
Treffeison Properties I, LLC	19	10
R.J. Millworkers, Inc.	9	8
Lutz Feed Co., Inc./Stephen Lutz	25	4
Brewery Ommegang	28	10
The Parish Plains	0	25
	<u>2,930</u>	<u>153</u>

See auditors' report.

<u>Original Estimate of Jobs to be Retained</u>	<u># of Current FTE Employees</u>	<u># of FTE Jobs Created During Fiscal Year</u>	<u># of FTE Jobs Retained During Fiscal Year</u>
1,721	appx. 3500 Netwkr wide/2500 Coops	-	3,287
Incl. with MIBH	Incl. with MIBH above	Incl. with MIBH above	Incl. with MIBH above
600	950	-	950
-	16	-	16
17	-	-	-
80	102	-	102
415	420	5	415
Incl. with AO Fox above	Incl. with A.O. Fox above	Incl. with AO Fox above	Incl. with AO Fox above
Incl. with AO Fox above	Incl. with A.O. Fox above	Incl. with AO Fox above	Incl. with AO Fox above
Incl. with TF above	Incl. with TF above	Incl. with TF above	Incl. with TF above
Incl. with MIBH above	Incl. with MIBH above	Incl. with MIBH above	Incl. with MIBH above
16	-	-	-
-	20	3	13
19	15	0	15
9	18	0	18
25	27	0	27
28	59	15	28
<u>0</u>	<u>35</u>	<u>10</u>	<u>25</u>
<u>2,930</u>	<u>1,662</u>	<u>33</u>	<u>4,896</u>

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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 Directors  
County of Otsego Industrial Development Agency  
242 Main Street  
Oneonta, New York

We have audited the financial statements of County of Otsego Industrial Development Agency (“COIDA”) as of and for the year ended December 31, 2011, and have issued our report thereon dated August 8, 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 COIDA’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of COIDA’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of COIDA’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 in 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 COIDA’s financial statements will not be prevented, or detected 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 COIDA'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 the audit committee, management, the State of New York, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Bruner, Jaricfel & Scott, LLP*

Oneonta, New York  
August 8, 2012