

SOUTHEAST INDUSTRIAL DEVELOPMENT AGENCY

Financial Statements

For the Year Ended December 31, 2011

**SOUTHEAST INDUSTRIAL DEVELOPMENT AGENCY
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DECEMBER 31, 2011**

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INDEPENDENT AUDITOR'S REPORT

The Town of Southeast Industrial Development Agency
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Brewster, NY 10509

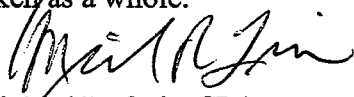
We have audited the accompanying financial statements of the Town of Southeast Industrial Development Agency, Brewster, New York as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 1.a, the financial statements present only the Town of Southeast Industrial Development Agency and do not purport to, and do not, present fairly the financial position of the Town of Southeast, Brewster, New York, as of December 31, 2011, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Town of Southeast Industrial Development Agency, Brewster, New York as of December 31, 2011, and the changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The attached supplemental information 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.



Michael R. Quis, CPA
Carmel, New York
January 20, 2012

**SOUTHEAST INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF NET ASSETS
DECEMBER 31, 2011**

ASSETS		<u>2011</u>
Current Assets		
Cash		<u>\$ 13,657</u>
Total Current Assets		<u>13,657</u>
TOTAL ASSETS		<u><u>\$ 13,657</u></u>
LIABILITIES		
Current Liabilities		
Accounts Payable		<u>\$ 2,000</u>
Total Current Liabilities		<u>2,000</u>
NET ASSETS		
Unrestricted		<u>11,657</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 13,657</u></u>

**SOUTHEAST INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	2011
REVENUES	
Program Fees	\$ -
Interest	15
	15
TOTAL REVENUES	15
EXPENSES	
Service Charges and Fees	12
Professional Fees	1,975
	1,987
TOTAL EXPENSES	1,987
CHANGE IN NET ASSETS	(1,972)
NET ASSETS AT BEGINNING OF YEAR	13,629
NET ASSETS AT END OF YEAR	\$ 11,657

**SOUTHEAST INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash paid for operating expenses	\$ (3,483)
Net cash used by operating activities	<u>(3,483)</u>
 CASH FLOWS FROM INVESTMENT ACTIVITIES	
Interest Income	<u>15</u>
Net cash provided from investing activities	<u>15</u>
Net decrease in cash and cash equivalents	(3,468)
Cash and cash equivalents – beginning of the year	<u>17,125</u>
Cash and cash equivalents – end of the year	<u><u>\$ 13,657</u></u>

**TOWN OF SOUTHEAST INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

1. Summary of Significant Accounting Policies

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

a. Organization and Purpose

The Agency was created in 1976 by the Town Board-Town of Southeast under the provisions of Chapter 784 of the 1976 Laws of New York State for the purpose of encouraging economic growth in the Town of Southeast. The Agency is exempt from federal, State, and local income taxes. The Agency, although established by the Town Board, is a separate entity and operates independently of the Town of Southeast.

b. Basis of Accounting

The accounts of the Agency are maintained on the accrual basis of accounting.

c. Property, Plant and Equipment

None.

d. Accounts Payable

Accounts Payable at December 31, 2011 was \$2,000.

e. Financial Reporting

The Agency's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Agency follows the provisions of the Governmental Accounting Standards Board, which establishes the financial reporting standards for all state and local government entities.

The accompanying financial statements have been prepared using the economic resources measurement focus on the accrual basis of accounting and reflect transactions on behalf of the Agency, the reporting entity. The Agency accounts for its operations as a proprietary enterprise fund.

**TOWN OF SOUTHEAST INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011**

2. Industrial 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 its accounts. 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 December 31, 2011, the original issue value of bonds issued aggregated \$20,400,000 and the outstanding balance was \$6,835,000.

3. 2006 Activity

On April 26, 2006, Powers Fasteners borrowed an additional \$1,000,000 in mortgage financing from the Bank of New York.

2007 Activity

On April 11, 2007, the Agency issued \$2,500,000 in industrial revenue bonds in connection with Powers Fasteners Inc.'s additional project. A portion of the bond was used to pay off the \$1,000,000 in mortgage financing from the Bank of New York.

In 2007 the Agency also entered into a restructuring of the Lease and Sublease, including party substitution, on the 1995 Dairy Conveyor Corporation project.

2008 Activity

There were no new bonds issued in 2008.

2009 Activity

There were no new bonds issued in 2009.

2010 Activity

There were no new bonds issued in 2010. The bond issued to Unilock New York, Inc. in 1997 for \$6,200,000 was satisfied as of May 3, 2010.

TOWN OF SOUTHEAST INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

2011 Activity

There were no new bonds issued in 2011. The bond issued to Dairy Conveyor Corporation in 1995 for \$3,200,000 was satisfied as of September 7, 2011.

4. Investments

State statutes govern the Agency's investment policies. Agency monies must be deposited in FDIC insured commercial banks or trust companies located within the State.

Collateral is required for demand deposits and certificates of deposit at (105%) of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the State and municipalities and school districts.

The Board of Directors believes the Agency is not exposed to any significant credit risk on cash and cash equivalents. Deposits and investments at year-end totaling \$13,657 were entirely covered by FDIC insurance. There were no uninsured/uncollateralized balances as of December 31, 2011.

5. Estimates

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

6. Contingencies

None.

7. Evaluation of Subsequent Events

The Agency has evaluated subsequent events through January 20, 2012, the date which the financial statements were available to be issued.

TOWN OF SOUTHEAST INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

8. Payments in Lieu of Taxes (Pilots)

One significant inducement for I.D.A. projects is exemption from real property, sales, and mortgage taxes. By law, all property titled to an I.D.A. is exempt from these taxes. In practice, however, payments in lieu of taxes (Pilots) are often negotiated with the private developer. Pilots may represent full or partial remuneration to one or more of the real property taxing jurisdictions involved.

9. Pending Litigation

By letter dated January 6, 2012, there is no knowledge of any pending or unasserted possible claims or assessments.

10. Limited Coverage of the Financial Statements and Auditor's Report

The financial statements of the Southeast Industrial Development Agency are intended to present the financial position and results of operations and cash flows of proprietary fund types of only that portion of the financial reporting entity of the Town of Southeast, State of New York that is attributable to the transactions of the Agency.