

AUDITED
FINANCIAL STATEMENTS

**WYOMING COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF WYOMING
COUNTY)**

DECEMBER 31, 2011 AND 2010

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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SECTION A
FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Wyoming County Industrial Development Agency
Perry, New York 14530

We have audited the accompanying financial statements of the Wyoming County Industrial Development Agency, (the Agency), a discretely presented component unit of Wyoming County, as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our 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 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 audits provide a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2011 and 2010, and the respective changes in financial position and cash flows thereof 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 March 28, 2012 on our consideration of the Agency's internal control over financial reporting, and 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 the 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.

The Agency has not presented the management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Agency's basic financial statements. The supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Combining Schedule of Net Assets, the Combining Schedule of Revenues, Expenses and Changes in Net Assets and the Combining Statement of Cash Flows are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The Combining Schedule of Net Assets, the Combining Schedule of Revenues, Expenses and Changes in Net Assets and the Combining Statement of Cash Flows have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Schedule of Net Assets, the Combining Schedule of Revenues, Expenses and Changes in Net Assets and the Combining Statement of Cash Flows are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Industrial Revenue Bonds and Schedule of Lease Agreements with the Agency have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Freed Maxick CPAs, P.C.

(Formerly known as Freed Maxick & Battaglia, CPAs, PC)
Batavia, New York
March 28, 2012,

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF NET ASSETS
DECEMBER 31,

ASSETS	2011	2010
Current assets:		
Cash and cash equivalents	\$ 2,301,815	\$ 2,319,986
Accounts receivable	208,923	2,106
Accrued interest receivable	15,102	6,275
Wind farm receivable	579,433	1,286,739
Notes receivable	927,052	597,930
Total current assets	<u>4,032,325</u>	<u>4,213,036</u>
Property and equipment:		
Office equipment	7,295	7,295
Less: accumulated depreciation	4,157	2,959
Total property and equipment, net	<u>3,138</u>	<u>4,336</u>
Noncurrent assets:		
Investments - certificate of deposit	255,036	253,134
Wind farm receivable	301,268	880,701
Notes receivable, net	3,005,714	2,857,461
Total noncurrent assets	<u>3,562,018</u>	<u>3,991,296</u>
Total assets	<u>\$ 7,597,481</u>	<u>\$ 8,208,668</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 8,516	\$ 6,881
Deferred revenue - CDBG	136,037	124,200
Total current liabilities	<u>144,553</u>	<u>131,081</u>
Noncurrent liabilities:		
Deferred revenue - CDBG	641,902	662,994
Total liabilities	<u>786,455</u>	<u>794,075</u>
Net assets:		
Invested in capital assets	3,138	4,336
Restricted	149,866	537,803
Unrestricted	6,658,022	6,872,454
Total net assets	<u>6,811,026</u>	<u>7,414,593</u>
Total liabilities and net assets	<u>\$ 7,597,481</u>	<u>\$ 8,208,668</u>

See accompanying notes.

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31,

	2011	2010
Operating revenues:		
Fees and penalties	\$ 54,433	\$ 20,067
Grant revenue	772,932	216,187
Interest income on notes receivable	107,550	53,385
Recovery of bad debt	-	42,949
Rents	2,280	1,920
Miscellaneous	122	1,585
Total operating revenues	<u>937,317</u>	<u>336,093</u>
Operating expenses:		
Bad debt expense	43,137	21,016
Business development grant	23,191	21,578
Community investment	6,000	10,000
Conditional grant	85,715	66,000
Conferences and training	4,395	5,204
Depreciation	1,198	1,198
Fair association	175,000	-
Grant expense	58,937	111,667
Insurance	3,269	5,111
Meetings and dinners	736	4,239
Memberships and publications	2,614	3,010
Office expense and printing	2,752	4,187
Professional fees	21,544	16,611
Professional services	1,850	6,612
Rail initiative project	727,201	11,166
Salaries and benefits	148,139	137,917
Subcontractors	4,175	810
Travel	5,271	6,279
Total operating expenses	<u>1,315,124</u>	<u>432,605</u>
Operating loss	(377,807)	(96,512)
Nonoperating revenues (expenses):		
Interest income	16,234	18,361
Interest expense	-	(15)
Total nonoperating revenues	<u>16,234</u>	<u>18,346</u>
Loss before special item	(361,573)	(78,166)
Special item - loss on sale of land	<u>-</u>	<u>(22,732)</u>
Change in net assets	(361,573)	(100,898)
Transfer of net assets to Wyoming County Business Center	(241,994)	-
Net assets - beginning of year	<u>7,414,593</u>	<u>7,515,491</u>
Net assets - end of year	<u>\$ 6,811,026</u>	<u>\$ 7,414,593</u>

See accompanying notes.

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from grants	\$ 575,436	\$ 216,187
Receipts from providing services	1,334,253	1,299,067
Interest income on notes receivable	98,723	55,103
Repayments of notes receivable	372,979	476,421
Issuance of notes receivable	(1,004,872)	(1,258,494)
Payments of grants	(348,843)	(143,245)
Payments of service providers and suppliers	(772,296)	(63,229)
Payments for employee services	(148,015)	(136,985)
Net cash provided by operating activities	<u>107,365</u>	<u>444,825</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Payments to Wyoming County Business Center	(139,868)	-
Net cash used by noncapital financing activities	<u>(139,868)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	-	(2,831)
Interest payments on long-term debt	-	(15)
Net cash used by financing activities	<u>-</u>	<u>(2,846)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of land	-	5,000
Purchase of investments - certificates of deposit	-	(253,134)
Interest income	14,332	18,361
Net cash provided (used) by investing activities	<u>14,332</u>	<u>(229,773)</u>
Net increase (decrease) in cash and cash equivalents	(18,171)	212,206
Cash and cash equivalents - beginning of year	<u>2,319,986</u>	<u>2,107,780</u>
Cash and cash equivalents - end of year	<u>\$ 2,301,815</u>	<u>\$ 2,319,986</u>
Reconciliation of loss from operations to net cash provided by operating activities:		
Loss from operations	\$ (377,807)	\$ (96,512)
Adjustment to reconcile loss from operations to net cash provided by operating activities:		
Depreciation expense	1,198	1,198
Bad debt expense	43,137	21,016
Change in assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(206,650)	13,319
Notes receivable	(622,638)	(974,834)
Wind farm receivable	1,277,745	1,286,740
Due from other governments	-	66,000
Accrued interest	-	(1,847)
Increase (decrease) in:		
Accounts payable and accrued liabilities	1,635	932
Deferred revenue	(9,255)	128,813
Net cash provided by operating activities	<u>\$ 107,365</u>	<u>\$ 444,825</u>

SUPPLEMENTAL NONCASH INFORMATION:

During the year ended December 31, 2011 the Agency transferred notes receivable less allowance for uncollectable notes of \$28,833 to the Loan Corporation and \$159,958 to the Wyoming County Business Center. During the year ended December 31, 2010 the Agency transferred notes receivable less allowance for uncollectable notes of and \$2,234,110, interest receivable of \$4,428 and deferred revenue of \$658,381 to the Loan Corporation.

See accompanying notes.

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Wyoming County Industrial Development Agency (the Agency) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY

PRIMARY GOVERNMENT

The Wyoming County Industrial Development Agency (the Agency) was created in 1974 by the Wyoming County Board of Supervisors and a special act of the New York State Legislature to facilitate economic development in the County. The Agency is a discretely presented component unit of Wyoming County. During the year ended December 31, 2010 the Agency transferred a majority of their loan activity as well as start up cash to the Wyoming County Business Assistance Corporation, a blended component unit of the Agency. Some additional loans of the Agency were transferred to the Loan Corporation during the year ended December 31, 2011.

COMPONENT UNIT

In conformity with accounting principles generally accepted in the United States of America, the financial statements of the only component unit has been included in the financial reporting entity as a blended component unit. The blended component unit's balances are reported in the same manner as the primary government and are combined into one primary government column. This is due to the fact the component unit is so intertwined with the primary government that they are substantially the same entity.

The Wyoming County Business Assistance Corporation (the Loan Corporation) was established on May 14, 2009 by the Agency under section 1411 of the Not-For-Profit Corporation Law of the State of New York. The sole purpose of the Loan Corporation is to manage business loan funds on behalf of the Agency and is a corporation as defined in sub paragraph (a) (5) of section 102 of the Not-For-Profit Corporation Law of the State of New York. No activity related to the Loan Corporation occurred until the year ending December 31, 2010.

B. BASIS OF PRESENTATION

The Agency's basic financial statements consist of three statements that provide information about the Agency's activities. The first statement is the statement of net assets which lists all of the Agency's assets and liabilities, with the difference reported as net assets. The net assets are classified as restricted and unrestricted net assets.

The second statement is the statement of revenues, expenses and changes in net assets which details how the Agency's net assets changed during the current year based on the reporting of the revenues and expenses recognized by the Agency. The third statement is the statement of cash flows which reports the activities that provide or use the cash and cash equivalents of the Agency.

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The financial statements of the Agency are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Agency gives or receives value without directly receiving or giving equal value in exchange, include grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the Agency has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, including those issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

D. INCOME TAXES

The Agency is exempt from federal income tax under Internal Revenue Code Section 501(A) and the income realized will not be subject to New York state corporate franchise tax.

E. CASH AND CASH EQUIVALENTS

The Agency's cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

F. ACCOUNTS RECEIVABLE

Accounts receivable are reported at their net realizable value. Generally accepted accounting principles require the establishment of an allowance for doubtful accounts, however, no allowance for uncollectible accounts has been provided since management believes that such allowance would not be necessary.

G. PROPERTY AND EQUIPMENT

Property and equipment is recorded at acquisition cost and depreciated over the estimated useful lives of the respective assets using the straight-line method. The cost of repairs, maintenance and minor replacements is expensed as incurred, whereas expenditures that materially extend property lives are capitalized. When depreciable property is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is reflected in income. As of December 31, 2011 and 2010 depreciation expense amounted to \$1,198.

H. INSURANCE

The Agency is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, personal injury liability, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Settled claims from these risks have not yet exceeded commercial insurance coverage for the past three fiscal years.

I. DEFERRED REVENUE

The Agency reports deferred revenue on its balance sheet. Deferred revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the Agency before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the Agency has legal claim to the resources, the liability for deferred revenue is removed and revenue is recognized.

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. NET ASSETS

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. Restricted net assets - Consists of net assets with constraints on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets."

K. STATEMENT OF CASH FLOWS

For the purposes of the statement of cash flows the Agency considers cash and cash equivalents to be all unrestricted and restricted cash accounts including demand accounts and certificates of deposit with an original maturity of three months or less.

L. NEW ACCOUNTING PRONOUNCEMENTS

During the year ended December 31, 2011, no new accounting pronouncements were adopted.

The GASB has issued the following new statements:

- Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-employers Plans*, which will be effective for the year ending December 31, 2012;
- Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34*, which will be effective for the year ending December 31, 2013;
- Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which will be effective for the year ending December 31, 2012;
- Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which will be effective for the year ending December 31, 2012; and
- Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53*, which will be effective for the year ending December 31, 2012.

The Agency is currently studying these statements and plans on adoption of these policies as deemed appropriate.

M. USE OF ESTIMATES IN PREPARATION OF FINANCIAL STATEMENTS

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. This affects the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenditures during the reporting periods. Actual results could differ from those estimates.

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. RECLASSIFICATIONS

Certain reclassifications have been made to the 2010 financial statements to conform with current year presentation.

NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

A. ASSETS

1. CASH, CASH EQUIVALENTS AND INVESTMENTS

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 Director is authorized to use interest bearing demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and obligations of the State of New York and its localities.

Collateral is required for demand deposits and certificates of deposits 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.

Investment and Deposit Policy

The Agency implemented Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*.

The Agency follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Executive Director.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Agency's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Agency's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The Agency's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Agency's investment and deposit policy, all deposits of the Agency including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 102% of the aggregate amount of deposits. The Agency restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.

2. NOTES RECEIVABLE

The Agency provides low interest notes to businesses located in Wyoming County in order to encourage economic development. Notes receivable consisted of the following at December 31,

		<u>2011</u>	<u>2010</u>
<u>Notes receivable - the Agency:</u>			
About Face Day Spa & Salon	Monthly installment of principal over six years commencing 01/19/07. Non interest bearing note.	\$ -	\$ 14,583 **
Country Homes & Interior	Monthly installments of principal and interest over eight years commencing 11/15/06. Annual interest rate of 5%.	-	20,199 **
Curves for Women Arcade	Monthly installments of principal over five years commencing 11/24/08. Non interest bearing note.	-	7,200 **
Decisions Catering, Inc.	Monthly installments of principal over five years commencing 01/10/08. Non interest bearing note.	-	8,400 **
F.U.N. Bowling Center, Inc., d/b/a Perry Bowling Center	Monthly installments of principal over seven years commencing 12/02/05. Non interest bearing note.	-	6,845 *
Go 4 It Graphics	Monthly installments of principal over five years commencing 01/06/07. Non interest bearing note.	-	10,000 **

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

		<u>2011</u>	<u>2010</u>
Healing Hands Massage & Spa, LLC	Monthly installments of principal over five years commencing 09/03/08. Non interest bearing note.	-	12,293 **
Hillcrest Industries, Inc.	Land acquisition agreement for a railway initiative requiring the Agency to acquire a parcel of land This loan is in finalization of documents in order to be processed.	60,000	60,000
MaMa's Home Cookin'	Monthly installments of principal over six years commencing 07/13/05. Non interest bearing note. Loan was signed into the stabilization plan during the year.	-	10,764 *
Matson's Farm & Home, Inc.	Monthly installments of principal and interest over seven years commencing 05/01/01. Annual interest rate of 6.0%.	-	4,664 *
New York Stork Exchange	Monthly installments of principal over 59 months commencing 10/23/08. Non interest bearing note. This business ceased operations and the Agency is working with the business to collect the loan.	-	12,704 **
Phil's TV and Appliances, Inc.	Monthly installments of principal over six years commencing 05/15/08. Non interest bearing note.	-	29,167 **
South Main Redemption Center	Monthly installments of principal over five years commencing 10/23/08. Non interest bearing note.	-	8,250 **
Valley Computer Solutions, Inc.	Monthly installments of principal and interest over seven years, commencing 09/22/05. Non interest bearing note.	-	8,631 *

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

		<u>2011</u>	<u>2010</u>
Wolfe's Wine & Brew House	Monthly installments of principal and interest over seven years, commencing 07/13/05. Non interest bearing note.	-	5,357 *
Yummies	Monthly installments of principal over seven years commencing 07/19/07. Non interest bearing note.	-	17,917 **
		<hr/>	<hr/>
Total notes receivable of the Agency		60,000	236,974
Less: allowance for uncollectible notes		<hr/> -	<hr/> 29,000
Notes receivable, net		<u>\$ 60,000</u>	<u>\$ 207,974</u>
<u>Notes receivable - the Loan Corporation:</u>			
Action Enterprises, Inc.	Monthly installments of principal and interest over five years commencing once funding is received from HUD Annual interest rate of 3.25%. An additional \$75,000 was issued under this loan during the year ended December 31, 2011.	\$ 200,000	\$ 125,000
ACO Acquisitions, LLC	This loan was amended during 2010 to become a non-interest bearing loan and monthly installments of principal payments were extended to ten years commencing 7/25/10. Beginning in 2011, this loan recipient participated in a stabilization plan requiring interest only payments on the outstanding balance.	287,500	287,500
Arcade REHC I, LLC	Annual installments of principal and interest commencing 10/03/08 with balloon payment on 9/3/18. Annual interest rate of 1.0%.	485,000	490,000
Athletica, Inc.	Monthly installments of principal and interest over seven years commencing 02/29/08.	98,437	118,170

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

		<u>2011</u>	<u>2010</u>
Attica Millworks, Inc.	Monthly installments of principal and interest over six years commencing 10/23/10. Annual interest rate of 5.25%.	122,514	144,645
Bert Heinrich, Inc.	Monthly installments of principal and interest over eight in a half years amended on 04/23/10. Annual interest rate of 5.5%.	18,617	19,581
Caring Harts Transport, Inc.	Monthly installments of principal and interest over five years commencing on 02/26/10. Annual interest rate of 5.0%.	19,991	23,076
Caring Harts Transport, Inc.	Monthly installments of principal and interest over 15 years commencing on 11/20/10. Annual interest rate of 5.25%.	64,496	66,508
Crompton Camp Resort	Monthly installments of principal and interest over seven years commencing on 6/19/11. Annual interest rate of 5.25%.	74,396	-
Drasgow, Inc.	Monthly installments of principal and interest over twelve years commencing 01/07/07. Annual interest rate of 7.0%.	98,036	113,020
Drasgow, Inc.	Monthly installments of principal over five years commencing 05/24/10. Interest rate of 5.25% was paid at closing.	22,017	25,382
Ed's Woodworks	Monthly installments of principal and interest over five years amended on 04/23/10. Annual interest rate of 5%.	11,022	13,604
Fore Golf Group	Monthly installments of principal and interest over ten years commencing on 4/1/11. Annual interest rate of 5.25%.	194,869	-

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

		<u>2011</u>	<u>2010</u>
Hidden Valley Animal Adventure	Six months of interest only commencing 12/12/10 and monthly installments of principal and interest over 15 years commencing 6/12/11. Annual interest rate of 5.25%	243,504	250,000
Hilec, LLC	Monthly installments of principal and interest over ten years commencing 12/07/07. Interest rate of 3.0% was paid at closing.	165,667	193,667
Hillcrest Industries, Inc.	Monthly installments of principal and interest over 10 years commencing 3/01/10. Annual interest rate of 5.25%.	170,719	187,039
In-Site Enterprises, LLC	Monthly installments of principal and interest over 15 years commencing 05/04/10. Annual interest rate of 5.25%.	97,024	98,152
In-Site Enterprises,	Grant anticipation note. Grant funding to be provided by the Perry Area Chamber of Commerce as pass through funds from NYS Main Street Grant Program. Interest of 3% was paid at closing. This note has been repaid subsequent to year end, during March 2012.	72,000	-
Lisaenal-d LTD	Monthly installments of principal and interest over ten years commencing on 6/4/11. Annual interest rate of 5.25%.	58,077	-
M&T Trucking, Inc.	Monthly installments of principal and interest over ten years commencing 10/22/05. Annual interest rate of 3%.	150,786	174,838
M&T Trucking, Inc.	Monthly installments of principal over ten years commencing 08/01/06. Interest rate of 3% was paid at closing	112,500	137,500

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

		<u>2011</u>	<u>2010</u>
Mama's Home, Cooking, LTD	Monthly installments of principal over six years commencing on 7/13/05 Non interest bearing note.	9,025 *	-
Marquart Bros, LLC	Monthly installments of principal over ten years commencing on 12/31/10. Annual interest rate of 3.0% was paid at closing.	128,000	160,000
McCormick Farms, Inc.	Annual installments of principal over ten years commencing 06/01/07. Interest rate of 3% was paid at closing	130,000	156,000
Mille Fabricators	Monthly installments of principal over ten years commencing 08/12/07. Interest rate of 3% was paid at closing. This business ceased operations and the Loan Corporation is attempting to collect on this note.	79,861	79,861
Ray Sciarrino	Monthly installments of principal and interest over five years commencing 09/01/04. Annual interest rate of 4%.	60,558	64,421
F.U.N. Bowling, Center d/b/a Perry Bowling Center	Monthly installments of principal over seven years commencing on 12/02/05 Non interest bearing note.	5,059 *	-
Perry NY, LLC	Monthly installments of principal and interest over fifteen years commencing 12/20/07. Annual interest rate of 6.0%.	88,445	93,018
Perry NY, LLC	Monthly installments of principal and interest over 20 years commencing 12/16/10. Annual interest rate of 6.0%.	96,846	99,764

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

		<u>2011</u>	<u>2010</u>
Perry NY, LLC	Grant anticipation note. Grant funding to be provided by the Perry Area Chamber of Commerce as pass through funds from NYS Main Street Grant Program. Interest of 3% was paid at closing. This note has been repaid subsequent to year end, during March 2012.	60,000	60,000
Prestolite Electric	Monthly installments of principal over seven years commencing on 11/15/11. Non interest bearing note.	150,000	-
R.S. Maher & Son, Inc.	Grant anticipation note. Grant funding to be provided by Wyoming County as pass through funds from NYS OCR. Non-interest bearing loan Note repaid on 01/25/11.	-	80,000
RS Maher & Son, Inc.	Monthly installments of principal and interest over ten years commencing 02/18/11. Interest rate of 3% was paid at closing.	51,962	-
Sarah Schafer	Monthly installments of principal and interest over seven years commencing 05/08/08. Annual interest rate of 7.0%. Beginning in 2011, this loan recipient participated in a stabilization plan requiring interest only payments on the outstanding balance.	25,516	25,516
Sregnuoy Farms, LLC	Monthly installments of principal over ten years commencing on 7/25/10. Interest rate of 3% was paid at closing.	53,833	60,166
Steel O'Brien Manufacturing	Monthly installments of principal over ten years commencing on 4/18/11. Interest rate of 3% was paid at closing.	56,116	-

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

		<u>2011</u>	<u>2010</u>
Toy Storage Inc.	Monthly installments of principal and interest over seven years commencing 9/10/11. Annual interest rate of 5.25%.	48,012	-
Valley Computer Solutions	Originally commencing 09/22/05 however this loan was amended effective 04/22/10. Monthly installments of principal over thirty-seven months. Non interest bearing note.	5,059 *	-
William G. Mest Packing Co., Inc.	Monthly installments of principal and interest over ten years commencing 10/22/05. Annual interest rate of 6.0%.	56,989	56,989
Wyoming County Community Action	Grant anticipation note. Grant funding to be provided by NYS OCR as pass through funds from NYS Main Street Grant Program. Note is due no later than 12/31/12. Interest rate of 3.25%.	200,000	-
		<hr/>	<hr/>
Total notes receivable of the Loan Corporation		4,072,453	3,403,417
Less: allowance for uncollectible notes		<u>199,687</u>	<u>156,000</u>
Loan Corporation notes receivable, net		3,872,766	3,247,417
<u>Agency (combined with Loan Corporation):</u>			
Total notes receivable, net		3,932,766	3,455,391
Less: current maturities		<u>927,052</u>	<u>597,930</u>
Notes receivable - long-term		<u>\$ 3,005,714</u>	<u>\$ 2,857,461</u>

The Agency's policy is to present notes receivable net of an allowance for doubtful accounts. At December 31, 2011, there was no allowance for doubtful accounts for the remaining note held by the Agency. At December 31, 2010, the allowance for doubtful accounts was \$185,000. During the fiscal year ended December 31, 2011, the Agency did not write-off any notes receivable. During the fiscal year ended December 31, 2010, the Agency wrote-off \$63,965, of the notes receivable.

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 2. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS (Continued)

The Loan Corporation's policy is to present notes receivable net of an allowance for uncollectible notes. At December 31, 2011 and 2010, the allowance for doubtful accounts was \$199,687 and \$156,000, respectively. During the fiscal year ended December 31, 2011, the Loan Corporation did not write-off any notes receivable. During the year ended December 31, 2010, the Loan Corporation wrote-off \$39,503 of notes receivables.

All notes receivable are collateralized by assets of the respective companies.

*These loans were transferred to the Loan Corporation during the year ended December 31, 2011.

**These loans were transferred to the Wyoming County Business Center during the year ended December 31, 2011.

3. WIND FARM RECEIVABLE

In connection with the administrative fee agreements on the wind farm projects the Agency has agreed to accept payment of the fee in equal installments over five years. Upon completion of the project, the Agency recorded fee revenue and receivable for the remaining unpaid balance. All the projects listed below have been completed as of December 31, 2010.

	<u>2011</u>	<u>2010</u>
<u>Wind Projects</u>		
Annual installments:		
Wethersfield	\$ 451,901	\$ 903,803
Noble Bliss	-	406,037
Sheldon	<u>428,800</u>	<u>857,600</u>
	<u>880,701</u>	2,167,440
Less: current maturities	<u>579,433</u>	<u>1,286,739</u>
Wind farm receivable - long-term	<u>\$ 301,268</u>	<u>\$ 880,701</u>

The Agency's policy is to present receivables net of an allowance for doubtful accounts. At December 31, 2011 and 2010, the receivables noted above was considered fully collectable.

4. ACCOUNTS RECEIVABLE

Major revenues accrued by the Agency at December 31 include the following:

	<u>2011</u>	<u>2010</u>
New York State - rail initiative	\$ 167,988	\$ -
Wyoming County - rail initiative	29,508	-
Miscellaneous	<u>11,427</u>	<u>2,106</u>
	<u>\$ 208,923</u>	<u>\$ 2,106</u>

NOTE 3. NET ASSETS

The Loan Corporation has received pass-through Micro HUD grant funds from Wyoming County. Under the provisions of the grant, annual program revenue in excess of \$25,000 are restricted to the Micro HUD loan program. Restricted net assets amounted to \$149,866 at December 31, 2011 and 2010.

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 4. OUTSTANDING BOND ISSUES

Bonds issued by the Agency are collateralized by the property which is leased to the borrowing company and the bonds are retired by lease payments. The bonds are not an obligation of the Agency, the County of Wyoming or the State of New York. The Agency does not record the assets or liabilities resulting from a completed bond issue in their accounts, since its primary function is to arrange the financing between the borrowing company and the lending bondholders, and the funds arising there from are controlled by a trustee bank.

NOTE 5. LEASES

At December 31, 2011 and 2010, the Agency had entered into various lease agreements. These leases are merely financing arrangements in which the Agency has provided tax incentives or acts only as a financing conduit. Therefore, the Agency does not record these transactions in their financial records.

NOTE 6. RELATED PARTY TRANSACTIONS

The Agency receives some of its equipment and office space resources from the County of Wyoming. The Agency makes no payments to the County for these services, and the value of the services has not been reflected in the assets, liabilities, revenues or expenses of the Agency for the years ended December 31, 2011 and 2010.

NOTE 7. GRANTS

During the year ended December 31, 2011, the Agency obtained a grant from the NYS Department of Transportation to fund the Rail Initiative project in the amount of \$1,300,000. The Agency drew down \$389,372 during the year ended December 31, 2011 and \$197,496 subsequent to the year ended December 31, 2011, that was for the 2011 fiscal year, for a total of \$586,868.

During the year ended December 31, 2011, the Agency granted \$450,000 to the Loan Corporation.

During the year ending December 31, 2010, the Agency obtained a \$446,667, grant from the United States Department of Housing and Urban Development through the Community Development Block Grant Program. In accordance with the grant provisions, the Agency granted \$111,667 of the grant proceeds to a local business identified in the grant agreement. Also, during the year ended December 31, 2010, the Agency passed \$335,000 of grant funds through to the Loan Corporation.

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINING STATEMENT OF NET ASSETS
DECEMBER 31, 2011

ASSETS	Agency	Loan Corporation	Total
Current assets:			
Cash and cash equivalents	\$ 1,754,405	\$ 547,410	\$ 2,301,815
Accounts receivable	208,923	-	208,923
Accrued interest receivable	-	15,102	15,102
Wind farm receivable	579,433	-	579,433
Notes receivable	60,000	867,052	927,052
Due from Agency	-	21,521	21,521
Total current assets	<u>2,602,761</u>	<u>1,451,085</u>	<u>4,053,846</u>
Property and equipment:			
Office equipment	7,295	-	7,295
Less: accumulated depreciation	4,157	-	4,157
Total property and equipment, net	<u>3,138</u>	<u>-</u>	<u>3,138</u>
Noncurrent assets:			
Investments - certificate of deposit	255,036	-	255,036
Wind farm receivable	301,268	-	301,268
Notes receivable, net	-	3,005,714	3,005,714
Total long-term assets	<u>556,304</u>	<u>3,005,714</u>	<u>3,562,018</u>
Total assets	<u>\$ 3,162,203</u>	<u>\$ 4,456,799</u>	<u>\$ 7,619,002</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 8,516	\$ -	\$ 8,516
Deferred revenue - CDBG	-	136,037	136,037
Due to Loan Corporation	21,521	-	21,521
Total current liabilities	<u>30,037</u>	<u>136,037</u>	<u>166,074</u>
Noncurrent liabilities:			
Deferred revenue - CDBG	-	641,902	641,902
Total liabilities	<u>30,037</u>	<u>777,939</u>	<u>807,976</u>
Net assets:			
Invested in capital assets	3,138	-	3,138
Restricted	-	149,866	149,866
Unrestricted	3,129,028	3,528,994	6,658,022
Total net assets	<u>3,132,166</u>	<u>3,678,860</u>	<u>6,811,026</u>
Total liabilities and net assets	<u>\$ 3,162,203</u>	<u>\$ 4,456,799</u>	<u>\$ 7,619,002</u>

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINING STATEMENT OF NET ASSETS
DECEMBER 31, 2010

ASSETS	Agency	Loan Corporation	Total
Current assets:			
Cash and cash equivalents	\$ 1,862,134	\$ 457,852	\$ 2,319,986
Accounts receivable	2,106	-	2,106
Accrued interest receivable	167	6,108	6,275
Wind farm receivable	1,286,739	-	1,286,739
Notes receivable	122,697	475,233	597,930
Total current assets	<u>3,273,843</u>	<u>939,193</u>	<u>4,213,036</u>
Property and equipment:			
Office equipment	7,295	-	7,295
Less: accumulated depreciation	2,959	-	2,959
Total property and equipment, net	<u>4,336</u>	<u>-</u>	<u>4,336</u>
Noncurrent assets:			
Investments - certificate of deposit	253,134	-	253,134
Wind farm receivable	880,701	-	880,701
Notes receivable, net	85,277	2,772,184	2,857,461
Total long-term assets	<u>1,219,112</u>	<u>2,772,184</u>	<u>3,991,296</u>
Total assets	<u>\$ 4,497,291</u>	<u>\$ 3,711,377</u>	<u>\$ 8,208,668</u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 6,881	\$ -	\$ 6,881
Deferred revenue - CDBG	-	124,200	124,200
Total current liabilities	<u>6,881</u>	<u>124,200</u>	<u>131,081</u>
Noncurrent liabilities:			
Deferred revenue - CDBG	-	662,994	662,994
Total liabilities	<u>6,881</u>	<u>787,194</u>	<u>794,075</u>
Net assets:			
Invested in capital assets	4,336	-	4,336
Restricted	387,937	149,866	537,803
Unrestricted	4,098,137	2,774,317	6,872,454
Total net assets	<u>4,490,410</u>	<u>2,924,183</u>	<u>7,414,593</u>
Total liabilities and net assets	<u>\$ 4,497,291</u>	<u>\$ 3,711,377</u>	<u>\$ 8,208,668</u>

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Agency	Loan Corporation	Eliminations	Total
Operating revenues:				
Fees and penalties	\$ 82,775	\$ 21,658	(50,000) (1)	\$ 54,433
Grant revenue	586,868	186,064	-	772,932
Interest income on notes receivable	183	107,367	-	107,550
Rents	2,280	-	-	2,280
Miscellaneous	122	-	-	122
Total operating revenues	672,228	315,089	(50,000)	937,317
Operating expenses:				
Administration fee	-	50,000	(50,000) (1)	-
Bad debt expense	-	43,137	-	43,137
Business development grant	23,191	-	-	23,191
Community investment	6,000	-	-	6,000
Conditional grant	85,715	-	-	85,715
Conferences and training	4,395	-	-	4,395
Depreciation	1,198	-	-	1,198
Fair Association	175,000	-	-	175,000
Grant expense	-	58,937	-	58,937
Insurance	3,269	-	-	3,269
Meetings and dinners	736	-	-	736
Memberships and publications	2,614	-	-	2,614
Office expense and printing	2,752	-	-	2,752
Professional fees	21,544	-	-	21,544
Professional services	1,850	-	-	1,850
Rail initiative project	727,201	-	-	727,201
Salaries and benefits	148,139	-	-	148,139
Subcontractors	4,175	-	-	4,175
Travel	5,271	-	-	5,271
Total operating expenses	1,213,050	152,074	(50,000)	1,315,124
Operating income (loss)	(540,822)	163,015	-	(377,807)

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

	Agency	Loan Corporation	Eliminations	Total
Nonoperating revenues (expenses):				
Interest income	15,969	265	-	16,234
Transfer from the Agency	-	450,000	(450,000) (2)	-
Transfer from the Loan Corporation	103,759	-	(103,759) (3)	-
Transfer to the Agency	-	(103,759)	103,759 (3)	-
Transfer to the Loan Corporation	(450,000)	-	450,000 (2)	-
Total nonoperating revenues (expenses)	<u>(330,272)</u>	<u>346,506</u>	<u>-</u>	<u>16,234</u>
Change in net assets	(871,094)	509,521	-	(361,573)
Transfer of net assets to the Loan Corporation	(245,156)	-	245,156 (4)	-
Transfer of net assets to the Wyoming County Business Center	(241,994)	-	-	(241,994)
Transfer of net assets from the Agency	-	245,156	(245,156) (4)	-
Net assets - beginning of year	<u>4,490,410</u>	<u>2,924,183</u>	<u>-</u>	<u>7,414,593</u>
Net assets - end of year	<u>\$ 3,132,166</u>	<u>\$ 3,678,860</u>	<u>\$ -</u>	<u>\$ 6,811,026</u>

(1) This represents the administrative fee paid by the Loan Corporation to the Agency for administrative services performed.

(2) This represents a transfer of money granted by the Agency to the Loan Corporation for further distribution.

(3) This represents the advance of cash borrowed by the Loan Corporation from the Agency in the prior year when transferring loan assets.

(4) This represents the transfer of the loan portfolio from the Agency after the formation of the Loan Corporation.

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Agency	Loan Corporation	Eliminations	Total
Operating revenues:				
Fees and penalties	\$ 48,381	\$ 11,686	(40,000) (1)	\$ 20,067
Grant revenue	345,000	206,187	(335,000) (2)	216,187
Interest income on notes receivable	1,079	52,306	-	53,385
Recovery of bad debt	21,000	21,949	-	42,949
Rents	1,920	-	-	1,920
Miscellaneous	1,585	-	-	1,585
Total operating revenues	418,965	292,128	(375,000)	336,093
Operating expenses:				
Administration fee	-	40,000	(40,000) (1)	-
Bad debt expense	3,564	17,452	-	21,016
Business development grant	21,578	-	-	21,578
Community investment	10,000	-	-	10,000
Conditional grant	66,000	-	-	66,000
Conferences and training	5,204	-	-	5,204
Depreciation	1,198	-	-	1,198
Grant expense	335,000	111,667	(335,000) (2)	111,667
Insurance	5,111	-	-	5,111
Meetings and dinners	4,239	-	-	4,239
Memberships and publications	3,010	-	-	3,010
Office expense and printing	4,187	-	-	4,187
Professional fees	16,611	-	-	16,611
Professional services	6,612	-	-	6,612
Rail initiative project	11,166	-	-	11,166
Salaries and benefits	137,917	-	-	137,917
Subcontractors	810	-	-	810
Travel	6,279	-	-	6,279
Total operating expenses	638,486	169,119	(375,000)	432,605
Operating income (loss)	(219,521)	123,009	-	(96,512)

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

	Agency	Loan Corporation	Eliminations	Total
Nonoperating revenues (expenses):				
Interest income	17,306	1,055	-	18,361
Interest expense	(15)	-	-	(15)
Transfer from the Agency	-	578,927	(578,927)	(3)
Transfer to the Loan Corporation	(578,927)	-	578,927	(3)
Total nonoperating revenues (expenses)	<u>(561,636)</u>	<u>579,982</u>	<u>-</u>	<u>18,346</u>
Income (loss) before special item	(781,157)	702,991	-	(78,166)
Special item - loss on sale of land	<u>(22,732)</u>	<u>-</u>	<u>-</u>	<u>(22,732)</u>
Change in net assets	(803,889)	702,991	-	(100,898)
Transfer of net assets to the Loan Corporation	(2,221,192)	-	2,221,192	(3)
Transfer of net assets from the Agency	-	2,221,192	(2,221,192)	(3)
Net assets - beginning of year	<u>7,515,491</u>	<u>-</u>	<u>-</u>	<u>7,515,491</u>
Net assets - end of year	<u>\$ 4,490,410</u>	<u>\$ 2,924,183</u>	<u>\$ -</u>	<u>\$ 7,414,593</u>

(1) This represents the administrative fee paid by the Loan Corporation to the Agency for administrative services performed.

(2) This represents grant money received by the Agency and pass through to the Loan Corporation for further distribution.

(3) This represents the transfer of the loan portfolio from the Agency after the formation of the Loan Corporation.

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

	Agency	Loan Corporation	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from grants	\$ 389,372	\$ 186,064	\$ -	\$ 575,436
Receipts from providing services	1,362,595	21,658	(50,000) (1)	1,334,253
Interest income on notes receivable	350	98,373	-	98,723
Repayments of notes receivable	17,015	355,964	-	372,979
Issuance of notes receivable	-	(1,004,872)	-	(1,004,872)
Payment of grants	(289,906)	(58,937)	-	(348,843)
Payments of service providers and suppliers	(772,296)	(50,000)	50,000 (1)	(772,296)
Payments for employee services	(148,015)	-	-	(148,015)
Net cash provided (used) by operating activities	559,115	(451,750)	-	107,365
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Receipts from the Agency	-	644,802	(644,802) (2)	-
Receipts from the Loan Corporation	103,759	-	(103,759) (3)	-
Payments to the Agency	-	(103,759)	103,759 (3)	-
Payments to the Loan Corporation	(644,802)	-	644,802 (2)	-
Payments to Wyoming County Business Center	(139,868)	-	-	(139,868)
Net cash provided (used) by noncapital financing activities	(680,911)	541,043	-	(139,868)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest income	14,067	265	-	14,332
Net cash provided by investing activities	14,067	265	-	14,332
Net increase (decrease) in cash and cash equivalents	(107,729)	89,558	-	(18,171)
Cash and cash equivalents - beginning of year	1,862,134	457,852	-	2,319,986
Cash and cash equivalents - end of year	\$ 1,754,405	\$ 547,410	\$ -	\$ 2,301,815

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011
(CONTINUED)

	Agency	Loan Corporation	Eliminations	Total
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:				
Income (loss) from operations	\$ (540,822)	\$ 163,015	-	\$ (377,807)
Adjustment to reconcile income (loss) from operations to net cash provided (used) by operating activities:				
Depreciation expense	1,198	-	-	1,198
Bad debt expense	-	43,137	-	43,137
Change in assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	(206,650)	-	-	(206,650)
Notes receivable	17,015	(639,653)	-	(622,638)
Wind farm receivable	1,286,739	(8,994)	-	1,277,745
Increase in:				
Accounts payable and accrued liabilities	1,635	-	-	1,635
Deferred revenue	-	(9,255)	-	(9,255)
Net cash provided (used) by operating activities	\$ 559,115	\$ (451,750)	-	\$ 107,365

(1) This represents the administrative fee paid by the Loan Corporation to the Agency for administrative services performed.

(2) This represents the amount of cash transferred to the Loan Corporation from the Agency after the Loan Corporation was formed.

(3) This represents the advance of cash to the Loan Corporation from the Agency when transferring the loan portfolio in the prior year.

SUPPLEMENTAL NONCASH INFORMATION:

The Wyoming County Industrial Development Agency transferred notes receivable less allowance for uncollectable notes of \$28,833, to the Loan Corporation during the fiscal year ending December 31, 2011.

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Agency	Loan Corporation	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from grants	\$ 345,000	\$ 206,187	\$ (335,000)	\$ 216,187
Receipts from providing services	1,327,381	11,686	(40,000)	1,299,067
Interest income on notes receivable	4,477	50,626	-	55,103
Repayments of notes receivable	97,924	378,497	-	476,421
Issuance of notes receivable	-	(1,258,494)	-	(1,258,494)
Payments of grants	(366,578)	(111,667)	335,000	(143,245)
Payments of service providers and suppliers	(63,229)	(40,000)	40,000	(63,229)
Payments for employee services	(136,985)	-	-	(136,985)
Net cash provided (used) by operating activities	1,207,990	(763,165)	-	444,825
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Receipts from the Agency	-	1,219,962	(1,219,962)	-
Payments to the Loan Corporation	(1,219,962)	-	1,219,962	-
Net cash provided (used) by noncapital financing activities	(1,219,962)	1,219,962	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:				
Principal payments on long-term debt	(2,831)	-	-	(2,831)
Interest payments on long-term debt	(15)	-	-	(15)
Net cash used by financing activities	(2,846)	-	-	(2,846)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale of land	5,000	-	-	5,000
Purchase of investments - certificates of deposit	(253,134)	-	-	(253,134)
Interest income	17,306	1,055	-	18,361
Net cash provided (used) by investing activities	(230,828)	1,055	-	(229,773)
Net increase (decrease) in cash and cash equivalents	(245,646)	457,852	-	212,206
Cash and cash equivalents - beginning of year	2,107,780	-	-	2,107,780
Cash and cash equivalents - end of year	\$ 1,862,134	\$ 457,852	\$ -	\$ 2,319,986

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010
(CONTINUED)

	Agency	Loan Corporation	Eliminations	Total
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:				
Income (loss) from operations	\$ (219,521)	\$ 123,009	-	\$ (96,512)
Adjustment to reconcile income (loss) from operations to net cash provided (used) by operating activities:				
Depreciation expense	1,198	-	-	1,198
Bad debt expense	3,564	17,452	-	21,016
Change in assets and liabilities:				
Decrease (increase) in:				
Accounts receivable	13,319	-	-	13,319
Notes receivable	55,925	(1,030,759)	-	(974,834)
Wind farm receivable	1,286,740	-	-	1,286,740
Due from other governments	66,000	-	-	66,000
Accrued interest	(167)	(1,680)	-	(1,847)
Increase in:				
Accounts payable and accrued liabilities	932	-	-	932
Deferred revenue	-	128,813	-	128,813
Net cash provided (used) by operating activities	\$ 1,207,990	\$ (763,165)	-	\$ 444,825

(1) This represents the administrative fee paid by the Loan Corporation to the Agency for administrative services performed.

(2) This represents grant money received by the Agency and pass through to the Loan Corporation for further distribution.

(3) This represents the amount of cash transferred to the Loan Corporation from the Agency after the Loan Corporation was formed.

SUPPLEMENTAL NONCASH INFORMATION:

The Wyoming County Industrial Development Agency transferred notes receivable less allowance for uncollectable notes of \$2,234,110, interest receivable of \$4,428 and deferred revenue of \$658,381 to the Loan Corporation during the fiscal year ending December 31, 2010.

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

**SCHEDULE OF INDUSTRIAL REVENUE BONDS ISSUED BY THE AGENCY
December 31, 2011**

Name of Project	Olympic Management Systems, Inc
Address of Owner	Six Fountain Plaza, Plaza Level Buffalo, NY 14202
Issue Amount	\$2,871,926
Purpose of Issue	Construction
Date of Issue	1/13/06
Interest Rate	7.87% fixed
Maturity Date	1/1/26

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

**SCHEDULE OF INDUSTRIAL REVENUE LEASES ISSUED BY THE AGENCY
December 31, 2011**

Name of Project	M&T Truckng
Address of Owner	Mark & Tracie Cole 532 Peoria Road Pavilion, New York 14525
Date of Lease	01/20/2006
Date of Expiration	01/19/2021
Name of Project	Blue Seal Feeds, Inc.
Address of Owner	50 Williams Street Arcade, New York 14009
Date of Lease	02/14/2008
Date of Expiration	02/13/2018
Name of Project	Shur-Gain USA, Inc
Address of Owner	3422 Dutch Hollow Road Stykersville, New York 14145
Date of Lease	02/22/2005
Date of Expiration	02/21/2015
Name of Project	Koike Aronson, Inc.
Address of Owner	635 West Main Street Arcade, New York 14009
Date of Lease	02/26/2007
Date of Expiration	02/25/2017
Name of Project	Park Warner, LLC
Address of Owner	7406 Route 98 Arcade, New York 14009
Date of Lease	02/22/2007
Date of Expiration	02/21/2017
Name of Project	TPI Arcade, Inc.
Address of Owner	7888 Route 98 Arcade, NY 14009
Date of Lease	10/01/1999
Date of Expiration	05/01/2020

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

**SCHEDULE OF INDUSTRIAL REVENUE LEASES ISSUED BY THE AGENCY
December 31, 2011**

Name of Project Tall Bridge Asset Backed Fund, LP / Transfer of Old
Address of Owner 59 Liecester Street School Dev.
Perry, New York 14530
Date of Lease 02/27/2004
Date of Expiration 02/26/2014

Name of Project Pioneer Properties, L.P
Address of Owner 26 Edwards Street
Arcade, NY 14009
Date of Lease 02/20/2003
Date of Expiration 02/27/2013

Name of Project Pioneer Properties, L.P
Address of Owner 20 Parker Lane
Perry, New York 14530
Date of Lease 02/20/2003
Date of Expiration 02/27/2013

Name of Project Hillcrest Industries
Address of Owner 40 Favor Street
Attica, New York 14011
Date of Lease 04/24/2002
Date of Expiration 04/23/2012

Name of Project Noble Bliss Wind Park, LLC
Address of Owner 7294 Centerville Road
Bliss, New York 14024
Date of Lease 04/23/2007
Date of Expiration 06/30/2027

Name of Project Noble Wethersfield Windpark, LLC
Address of Owner 7294 Centerville Road
Bliss, New York 14024
Date of Lease 05/04/2008
Date of Expiration 06/30/2024

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

**SCHEDULE OF INDUSTRIAL REVENUE LEASES ISSUED BY THE AGENCY
December 31, 2011**

Name of Project Sheldon Energy, LLC
Address of Owner One South Wacker Drive, Suite 2020
Chicago, IL 60606
Date of Lease 10/10/2008
Date of Expiration 09/30/2024

Name of Project Perry NY, LLC
Address of Owner Rick Hauser
2 Borden Ave.
Perry, NY 14530
Date of Lease 09/20/2007
Date of Expiration 09/19/2017

Name of Project Krog Corp/ Arcade REHC 1
Address of Owner The Krog Corporation
4 Centre Drive
Orchard Park, New York 14127
Date of Lease 10/06/2008
Date of Expiration 07/31/2018

Name of Project WNY Crop Management Association
Address of Owner 5240 Curtis Road
Warsaw, New York 14569
Date of Lease 10/15/2008
Date of Expiration 10/15/2018

Name of Project Crompton Holdings, Inc.
Address of Owner 5204 Youngers Road
North Java, New York 14113
Date of Lease 11/18/2008
Date of Expiration 11/18/2018

Name of Project Drasgow, Inc.
Address of Owner Karl Drasgow
Varysburg, NY 14167
Date of Lease 12/07/2006
Date of Expiration 12/06/2016

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

**SCHEDULE OF INDUSTRIAL REVENUE LEASES ISSUED BY THE AGENCY
December 31, 2011**

Name of Project CFD Real Estate / Agri Fab & Repair
Address of Owner 7965 Route 63
Pavilion, New York 14525
Date of Lease 02/23/2010
Date of Expiration 02/23/2020

Name of Project Hidden Valley Animal Adventure, LLC
Address of Owner 2614 Royce Road
Varysburg, New York 14157
Date of Lease 01/07/2010
Date of Expiration 01/07/2020

Name of Project In.Site Enterprises, LLC
Address of Owner 2 Borden Ave. Suite 202
Perry, New York 14530
Date of Lease 02/04/2010
Date of Expiration 02/04/2020

Name of Project Perry New York LLC - Howell Building
Address of Owner 2 Borden Ave. Suite 202
Perry New York 14530
Date of Lease 04/23/2010
Date of Expiration 04/23/2020

Name of Project Steel & O'Brien Manufacturing, Inc.
Address of Owner 7196 Route 98
Arcade, New York 14009
Date of Lease 01/11/2011
Date of Expiration 01/11/2021

Name of Project Fore Golf Group, LLC
Address of Owner 3820 Club Road
Perry, New York 14530
Date of Lease 03/01/2011
Date of Expiration 03/01/2021

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

**SCHEDULE OF INDUSTRIAL REVENUE LEASES ISSUED BY THE AGENCY
December 31, 2011**

Name of Project	Noble Wind Operations
Address of Owner	3700 Route 78 Bliss, New York 14024
Date of Lease	03/18/2011
Date of Expiration	02/28/2021

SECTION B

INTERNAL CONTROL AND COMPLIANCE



**INDEPENDENT AUDITOR'S 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 of the
Wyoming County Industrial Development Agency

We have audited the financial statements of the Wyoming County Industrial Development Agency (the Agency) as of and for the year ended December 31, 2011, and have issued our report thereon dated March 28, 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

Management of the Agency is responsible for establishing and maintaining effective 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 opinion 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Agency in a separate letter dated March 28, 2012.

This report is intended solely for the information and use of management, federal awarding agencies and the Board of Directors of the Agency and is not intended to be and should not be used by anyone other than these specified parties.

Freed Maxick CPAs, P.C.

Batavia, New York
March 28, 2012



INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors of the
Wyoming County Industrial Development Agency

We have examined Wyoming County Industrial Development Agency's (the Agency) compliance with the New York State Comptroller's Investment Guidelines for Public Authorities and Section 2925 of the New York State Public Authorities Law (collectively, the "Investment Guidelines") for the year ended December 31, 2011. Management is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

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

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements for the year ended December 31, 2011.

This report is intended solely for the information and use of the Board of Directors, management and others within the Agency and the New York State Authorities Budget Office, and is not intended to be and should not be used by anyone other than these specified parties.

Freed Maxick CPAs, P.C.

Batavia, New York
March 28, 2012