

**AUDITED
FINANCIAL STATEMENTS**

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

DECEMBER 31, 2012

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

CONTENTS

| | <u>Page</u> |
|--|--------------|
| <u>SECTION A</u> <u>FINANCIAL SECTION</u> | |
| Independent Auditor's Report | |
| Financial Statements: | |
| Statements of Net Position | A1 |
| Statements of Revenues, Expenses and Changes in Net Position | A2 |
| Statements of Cash Flows | A3 |
| Notes to Financial Statements | A4-A16 |
| Supplemental Information: | |
| Combining Statements of Net Position | A17-A18 |
| Combining Statements of Revenues, Expenses and Changes in Net Position | A19-A22 |
| Combining Statements of Cash Flows | A23-A26 |
| Schedule of Industrial Revenue Bonds Issued by the Agency | A27 |
| Schedule of Industrial Revenue Leases Issued by the Agency | A28-A32 |
| <u>SECTION B</u> <u>INTERNAL CONTROL AND COMPLIANCE</u> | |
| Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | B1-B2 |

SECTION A
FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Wyoming County Industrial Development Agency, (the Agency), a component unit of Wyoming County, New York, as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Agency, as of December 31, 2012 and 2011, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Government 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, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplemental Information

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 Position, the Combining Schedule of Revenues, Expenses and Changes in Net Position 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. Such information has 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 Position, the Combining Schedule of Revenues, Expenses and Changes in Net Position 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 do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2013 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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* in considering the Agency's internal control over financial reporting and compliance.

Freed Maxick CPAs, P.C.

Batavia, New York
March 24, 2013

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF NET POSITION
DECEMBER 31,

| ASSETS | 2012 | 2011 |
|--|-------------------------|-------------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 3,118,137 | \$ 2,301,815 |
| Accounts receivable | 262,240 | 208,923 |
| Accrued interest receivable | 16,588 | 15,102 |
| Wind farm receivable | 150,634 | 579,433 |
| Notes receivable | 744,854 | 927,052 |
| Total current assets | <u>4,292,453</u> | <u>4,032,325</u> |
| Property and equipment: | | |
| Office equipment | 8,955 | 7,295 |
| Less: accumulated depreciation | 5,436 | 4,157 |
| Total property and equipment, net | <u>3,519</u> | <u>3,138</u> |
| Noncurrent assets: | | |
| Investments - certificate of deposit | 256,505 | 255,036 |
| Wind farm receivable | 150,634 | 301,268 |
| Notes receivable, net | 3,056,953 | 3,005,714 |
| Total noncurrent assets | <u>3,464,092</u> | <u>3,562,018</u> |
| Total assets | <u>\$ 7,760,064</u> | <u>\$ 7,597,481</u> |
| LIABILITIES AND NET POSITION | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 246,800 | \$ 8,516 |
| Unearned revenue | 236,390 | 136,037 |
| Total current liabilities | <u>483,190</u> | <u>144,553</u> |
| Noncurrent liabilities: | | |
| Unearned revenue | 465,781 | 641,902 |
| Total liabilities | <u>948,971</u> | <u>786,455</u> |
| Net positon: | | |
| Net investment in capital assets | 3,519 | 3,138 |
| Restricted | 149,866 | 149,866 |
| Unrestricted | 6,657,708 | 6,658,022 |
| Total net position | <u>6,811,093</u> | <u>6,811,026</u> |
| Total liabilities and net positon | <u>\$ 7,760,064</u> | <u>\$ 7,597,481</u> |

See accompanying notes.

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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

| | 2012 | 2011 |
|--|---------------------|---------------------|
| Operating revenues: | | |
| Fees and penalties | \$ 74,114 | \$ 54,433 |
| Grant revenue | 1,161,958 | 772,932 |
| Interest income on notes receivable | 102,912 | 107,550 |
| Rents | 2,520 | 2,280 |
| Miscellaneous | 70 | 122 |
| Total operating revenues | <u>1,341,574</u> | <u>937,317</u> |
| Operating expenses: | | |
| Bad debt expense | 172,829 | 43,137 |
| Community investment | 6,000 | 6,000 |
| Conditional grant | 2,912 | 85,715 |
| Conferences and training | 2,168 | 4,395 |
| Depreciation | 1,279 | 1,198 |
| Fair association | - | 175,000 |
| Grant expense | 773,334 | 58,937 |
| Insurance | 2,780 | 3,269 |
| Marketing | 28,970 | 23,191 |
| Meetings and dinners | 261 | 736 |
| Memberships and publications | 3,815 | 2,614 |
| Office expense and printing | 3,464 | 2,752 |
| Professional fees | 18,284 | 21,544 |
| Professional services | 1,370 | 1,850 |
| Rail initiative project | 170,577 | 727,201 |
| Salaries and benefits | 166,340 | 148,139 |
| Subcontractors | 2,525 | 4,175 |
| Travel | 5,408 | 5,271 |
| Total operating expenses | <u>1,362,316</u> | <u>1,315,124</u> |
| Operating loss | (20,742) | (377,807) |
| Nonoperating revenues (expenses): | | |
| Interest income | 20,809 | 16,234 |
| Total nonoperating revenues | <u>20,809</u> | <u>16,234</u> |
| Change in net position | 67 | (361,573) |
| Transfer of net position to Wyoming County Business Center | - | (241,994) |
| Net position - beginning of year | <u>6,811,026</u> | <u>7,414,593</u> |
| Net position - end of year | <u>\$ 6,811,093</u> | <u>\$ 6,811,026</u> |

See accompanying notes.

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

| | 2012 | 2011 |
|--|----------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Receipts from grants | \$ 1,045,109 | \$ 575,436 |
| Receipts from providing services | 643,901 | 1,334,253 |
| Interest income on notes receivable | 101,426 | 98,723 |
| Repayments of notes receivable | 647,796 | 372,979 |
| Issuance of notes receivable | (689,666) | (1,004,872) |
| Payments of grants | (528,334) | (348,843) |
| Payments of service providers and suppliers | (252,346) | (772,296) |
| Payments for employee services | (169,244) | (148,015) |
| Net cash provided by operating activities | <u>798,642</u> | <u>107,365</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | |
| Payments to Wyoming County Business Center | - | (139,868) |
| Net cash used by noncapital financing activities | <u>-</u> | <u>(139,868)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Purchase of equipment | (1,660) | - |
| Net cash used by financing activities | <u>(1,660)</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Interest income | 19,340 | 14,332 |
| Net cash provided (used) by investing activities | <u>19,340</u> | <u>14,332</u> |
| Net increase (decrease) in cash and cash equivalents | 816,322 | (18,171) |
| Cash and cash equivalents - beginning of year | <u>2,301,815</u> | <u>2,319,986</u> |
| Cash and cash equivalents - end of year | <u>\$ 3,118,137</u> | <u>\$ 2,301,815</u> |
| Reconciliation of loss from operations to net cash provided by operating activities: | | |
| Loss from operations | \$ (20,742) | \$ (377,807) |
| Adjustment to reconcile loss from operations to net cash provided by operating activities: | | |
| Depreciation expense | 1,279 | 1,198 |
| Bad debt expense | 172,829 | 43,137 |
| Change in assets and liabilities: | | |
| Decrease (increase) in: | | |
| Accounts receivable | (53,317) | (206,650) |
| Notes receivable | (41,870) | (622,638) |
| Wind farm receivable | 577,947 | 1,277,745 |
| Increase (decrease) in: | | |
| Accounts payable and accrued liabilities | 238,284 | 1,635 |
| Unearned revenue | (75,768) | (9,255) |
| Net cash provided by operating activities | <u>\$ 798,642</u> | <u>\$ 107,365</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.

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.

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 position which lists all of the Agency's assets, liabilities with the difference reported as net position. The net position is classified as restricted and unrestricted net position.

The second statement is the statement of revenues, expenses and changes in net position which details how the Agency's net position 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.

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.

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2012 and 2011 depreciation expense amounted to \$1,279 and \$1,198, respectively.

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. UNEARNED REVENUE

The Agency reports unearned revenue on its statement of net position. Unearned revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned 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 unearned 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 POSITION

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

- a. New investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. Restricted net position - Consists of net position 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 position - All other net position that does 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 fiscal year ended December 31, 2012, the Agency adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Positions*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The Agency did not have any assets or liabilities that were required to be reclassified to either deferred outflows or inflows of resources for the fiscal year ended December 31, 2012.

Additionally, during the year ended December 31, 2012, the Agency completed the process of evaluating the impact that will result from adopting GASB Statements No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*, effective for the year ending December 31, 2012. GASB Statements No. 57, 60, 62 and 64 did not have a material impact on the Agency's financial position or results from operations.

The GASB has issued the following new statements:

- 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. 65, *Items Previously Reported as Assets and Liabilities*, which will be effective for the year ending December 31, 2013;
- Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and 62*, which will be effective for the year ending December 31, 2013;
- Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, which will be effective for the year ending December 31, 2014; and
- Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, which will be effective for the year ending December 31, 2015.

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

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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>2012</u> | <u>2011</u> |
|---------------------------------------|---|-------------------------|-------------------------|
| <u>Notes receivable - the Agency:</u> | | | |
| 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 |
| | | _____ | _____ |
| | Total notes receivable of the Agency | 60,000 | 60,000 |
| | Less: allowance for uncollectible notes | _____ - | _____ - |
| | Notes receivable, net | <u>\$ 60,000</u> | <u>\$ 60,000</u> |

Notes receivable - the Loan Corporation:

| | | | |
|--------------------------|--|-------------------|------------|
| 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. | \$ 150,000 | \$ 200,000 |
|--------------------------|--|-------------------|------------|

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

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

| | | <u>2012</u> | <u>2011</u> |
|------------------------------|--|-------------|-------------|
| 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%. | 480,000 | 485,000 |
| Athletica, Inc. | Monthly installments of principal and interest over seven years commencing 02/29/08. Annual interest rate of 6%. | 77,469 | 98,437 |
| Athletica, Inc. II | Monthly installments of principal and interest over five years commencing 03/12/12. Annual interest rate of 5.25%. | 46,709 | - |
| Attica Millworks, Inc. | Monthly installments of principal and interest over six years commencing 10/23/10. Annual interest rate of 5.25%. | 103,165 | 122,514 |
| 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%. | 18,126 | 18,617 |
| Byrncliff, Inc. | Monthly installments of principal and interest over seven years commencing 01/28/13. Annual interest rate of 5.25%. | 110,000 | - |
| Caring Harts Transport, Inc. | Monthly installments of principal and interest over five years commencing on 02/26/10. Annual interest rate of 5.0%. | 18,187 | 19,991 |

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

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

| | | <u>2012</u> | <u>2011</u> |
|--------------------------------|--|----------------|-------------|
| Caring Harts Transport, Inc. | Monthly installments of principal and interest over 15 years commencing on 11/20/10. Annual interest rate of 5.25%. | 63,464 | 64,496 |
| Crompton Camp Resort | Monthly installments of principal and interest over seven years commencing on 6/19/11. Annual interest rate of 5.25%. | 65,236 | 74,396 |
| Drasgow, Inc. | Monthly installments of principal and interest over twelve years commencing 01/07/07. Annual interest rate of 7.0%. | 82,246 | 98,036 |
| Drasgow, Inc. | Monthly installments of principal over five years commencing 05/24/10. Interest rate of 5.25% was paid at closing. | 18,471 | 22,017 |
| Drasgow, Inc. III | Monthly installments of principal and interest over 119 months commencing 01/18/13. Annual interest rate of 5.25%. | 150,000 | - |
| Ed's Woodworks | Monthly installments of principal and interest over five years amended on 04/23/10. Annual interest rate of 5%. | 8,319 | 11,022 |
| 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 | 194,869 |
| 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% | 233,872 | 243,504 |

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

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

| | | <u>2012</u> | <u>2011</u> |
|----------------------------|--|----------------|-------------|
| Hilec, LLC | Monthly installments of principal and interest over ten years commencing 12/07/07. Interest rate of 3.0% was paid at closing. This loan was paid in full. | - | 165,667 |
| Hillcrest Industries, Inc. | Monthly installments of principal and interest over 10 years commencing 3/01/10. Annual interest rate of 5.25%. | 153,522 | 170,719 |
| In-Site Enterprises, LLC | Monthly installments of principal and interest over 15 years commencing 05/04/10. Annual interest rate of 5.25%. | 92,360 | 97,024 |
| 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 paid in full. | - | 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%. | 53,287 | 58,077 |
| Lisaenal-d LTD | Monthly installments of principal and interest over ten years commencing on 04/19/12. Annual interest rate of 5.25%. | 56,508 | - |
| LVM Materials, LLC | Monthly installments of principal and interest over ten years commencing on 11/15/12. Annual interest rate of 5.25%. | 148,898 | - |
| M&T Trucking, Inc. | Monthly installments of principal and interest over ten years commencing 10/22/05. Annual interest rate of 3%. | 126,002 | 150,786 |

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

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

| | | <u>2012</u> | <u>2011</u> |
|---|--|----------------|-------------|
| M&T Trucking, Inc. | Monthly installments of principal over ten years commencing 08/01/06. Interest rate of 3% was paid at closing. | 87,500 | 112,500 |
| Mama's Home, Cooking, LTD | Monthly installments of principal over six years commencing on 7/13/05. Non interest bearing note. | 4,511 | 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. | 112,000 | 128,000 |
| McCormick Farms, Inc. | Annual installments of principal over ten years commencing 06/01/07. Interest rate of 3% was paid at closing. | 104,000 | 130,000 |
| 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%. | 56,842 | 60,558 |
| 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. | 3,869 | 5,059 * |
| Perry NY, LLC | Monthly installments of principal and interest over fifteen years commencing 12/20/07. Annual interest rate of 6.0%. | 83,590 | 88,445 |

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

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

| | | <u>2012</u> | <u>2011</u> |
|-----------------------------|---|----------------|-------------|
| Perry NY, LLC | Monthly installments of principal and interest over 20 years commencing 12/16/10. Annual interest rate of 6.0%. | 93,771 | 96,846 |
| 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 paid in full | - | 60,000 |
| Prestolite Electric | Monthly installments of principal over seven years commencing on 11/15/11. Non interest bearing note. | 226,191 | 150,000 |
| 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. | 46,241 | 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. | 20,815 | 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. | 48,027 | 53,833 |
| Steel O'Brien Manufacturing | Monthly installments of principal over ten years commencing on 4/18/11. Interest rate of 3% was paid at closing. | 49,038 | 56,116 |

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

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

| | | <u>2012</u> | <u>2011</u> |
|---|--|---------------------|---------------------|
| Sun Dor, Inc. CDBG | Monthly installments of principal and interest over ten years commencing 04/08/12. Annual interest rate of 3.0%. | 61,666 | - |
| Toy Storage Inc. | Monthly installments of principal and interest over seven years commencing 9/10/11. Annual interest rate of 5.25%. | 41,834 | 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. | 1,190 | 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%. | 55,168 | 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 | 200,000 |
| | | <hr/> | <hr/> |
| Total notes receivable of the Loan Corporation | | 4,114,323 | 4,072,453 |
| Less: allowance for uncollectible notes | | <u>372,516</u> | <u>199,687</u> |
| Loan Corporation notes receivable, net | | 3,741,807 | 3,872,766 |
| <u>Agency (combined with Loan Corporation):</u> | | | |
| Total notes receivable, net | | 3,801,807 | 3,932,766 |
| Less: current maturities | | <u>744,854</u> | <u>927,052</u> |
| Notes receivable - long-term | | <u>\$ 3,056,953</u> | <u>\$ 3,005,714</u> |

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

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

The Agency's policy is to present notes receivable net of an allowance for doubtful accounts. At December 31, 2012 and 2011, there was no allowance for doubtful accounts for the remaining note held by the Agency. During the fiscal year ended December 31, 2012 and 2011, the Agency did not write-off any notes receivable.

The Loan Corporation's policy is to present notes receivable net of an allowance for uncollectible notes. At December 31, 2012 and 2011, the allowance for doubtful accounts was \$372,516 and \$199,687, respectively. During the fiscal year ended December 31, 2012 and 2011, the Loan Corporation did not write-off any notes receivable.

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.

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, 2011.

| | <u>2012</u> | <u>2011</u> |
|----------------------------------|-------------------|-------------------|
| <u>Wind Projects</u> | | |
| Annual installments: | | |
| Wethersfield | \$ 301,268 | \$ 451,901 |
| Sheldon | <u>-</u> | <u>428,800</u> |
| | 301,268 | 880,701 |
| Less: current maturities | <u>150,634</u> | <u>579,433</u> |
| Wind farm receivable - long-term | <u>\$ 150,634</u> | <u>\$ 301,268</u> |

The Agency's policy is to present receivables net of an allowance for doubtful accounts. At December 31, 2012 and 2011, the receivables noted above was considered fully collectable.

4. ACCOUNTS RECEIVABLE

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

| | <u>2012</u> | <u>2011</u> |
|----------------------------------|-------------------|-------------------|
| New York State - rail initiative | \$ - | \$ 167,988 |
| Wyoming County - rail initiative | - | 29,508 |
| Miscellaneous | 12,240 | 11,427 |
| National Grid | <u>250,000</u> | <u>-</u> |
| | <u>\$ 262,240</u> | <u>\$ 208,923</u> |

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

NOTE 3. NET POSITION

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 position amounted to \$149,866 at December 31, 2012 and 2011. In addition, it is the Board's intention to designate annual program revenue not exceeding \$25,000 for the maintenance of a revolving loan program. Board designated net position for the maintenance of the loan program amounted to \$110,404 and \$100,831 at December 31, 2011 and 2012, respectively.

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, 2012 and 2011, 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, 2012 and 2011.

NOTE 7. GRANTS

During the year ended December 31, 2011, the Agency obtained a grant from the NYS Department of Transportation (DOT) to fund the Rail Initiative project in the amount of \$1,300,000, to be funded 85% by DOT, 5% by Wyoming County and 10% by the Agency. The Agency drew down \$293,686 and \$389,373 from DOT during the years ended December 31, 2012 and 2011, respectively. Project expenditures to date were \$803,599 as of December 31, 2012. Wyoming County contributed \$150,000 towards the project during the year ended December 31, 2012.

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

During the year ending December 31, 2012, the Agency received a pass through grant from National Grid in the amount of \$750,000. As of December 31, 2012, the Agency had disbursed \$495,000 of these grant funds and \$245,000 was paid subsequent to December 31, 2012.

SUPPLEMENTAL INFORMATION

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2012

| ASSETS | Agency | Loan Corporation | Total |
|--|---------------------|---------------------|---------------------|
| Current assets: | | | |
| Cash and cash equivalents | \$ 2,491,287 | \$ 626,850 | \$ 3,118,137 |
| Accounts receivable | 262,240 | - | 262,240 |
| Accrued interest receivable | - | 16,588 | 16,588 |
| Wind farm receivable | 150,634 | - | 150,634 |
| Notes receivable | 60,000 | 684,854 | 744,854 |
| Due from Agency | - | 21,521 | 21,521 |
| Total current assets | <u>2,964,161</u> | <u>1,349,813</u> | <u>4,313,974</u> |
| Property and equipment: | | | |
| Office equipment | 8,955 | - | 8,955 |
| Less: accumulated depreciation | <u>5,436</u> | <u>-</u> | <u>5,436</u> |
| Total property and equipment, net | <u>3,519</u> | <u>-</u> | <u>3,519</u> |
| Noncurrent assets: | | | |
| Investments - certificate of deposit | 256,505 | - | 256,505 |
| Wind farm receivable | 150,634 | - | 150,634 |
| Notes receivable, net | - | 3,056,953 | 3,056,953 |
| Total long-term assets | <u>407,139</u> | <u>3,056,953</u> | <u>3,464,092</u> |
| Total assets | <u>\$ 3,374,819</u> | <u>\$ 4,406,766</u> | <u>\$ 7,781,585</u> |
| LIABILITIES AND NET POSITION | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | \$ 246,800 | \$ - | \$ 246,800 |
| Unearned revenue | 113,837 | 122,553 | 236,390 |
| Due to Loan Corporation | <u>21,521</u> | <u>-</u> | <u>21,521</u> |
| Total current liabilities | 382,158 | 122,553 | 504,711 |
| Noncurrent liabilities: | | | |
| Unearned revenue | <u>-</u> | <u>465,781</u> | <u>465,781</u> |
| Total liabilities | <u>382,158</u> | <u>588,334</u> | <u>970,492</u> |
| Net position: | | | |
| Net investment in capital assets | 3,519 | - | 3,519 |
| Restricted | - | 149,866 | 149,866 |
| Unrestricted | <u>2,989,142</u> | <u>3,668,566</u> | <u>6,657,708</u> |
| Total net position | <u>2,992,661</u> | <u>3,818,432</u> | <u>6,811,093</u> |
| Total liabilities and net position | <u>\$ 3,374,819</u> | <u>\$ 4,406,766</u> | <u>\$ 7,781,585</u> |

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINING STATEMENT OF NET POSITION
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 |
| Unearned revenue | - | 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: | | | |
| Unearned revenue | - | 641,902 | 641,902 |
| Total liabilities | <u>30,037</u> | <u>777,939</u> | <u>807,976</u> |
| Net position: | | | |
| Net investment in capital assets | 3,138 | - | 3,138 |
| Restricted | - | 149,866 | 149,866 |
| Unrestricted | 3,129,028 | 3,528,994 | 6,658,022 |
| Total net position | <u>3,132,166</u> | <u>3,678,860</u> | <u>6,811,026</u> |
| Total liabilities and net position | <u>\$ 3,162,203</u> | <u>\$ 4,456,799</u> | <u>\$ 7,619,002</u> |

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2012

| | Agency | Loan Corporation | Eliminations | Total |
|-------------------------------------|------------|------------------|-----------------|-----------|
| Operating revenues: | | | | |
| Fees and penalties | \$ 121,045 | \$ 13,069 | \$ (60,000) (1) | \$ 74,114 |
| Grant revenue | 872,353 | 289,605 | - | 1,161,958 |
| Interest income on notes receivable | - | 102,912 | - | 102,912 |
| Rents | 2,520 | - | - | 2,520 |
| Miscellaneous | 70 | - | - | 70 |
| Total operating revenues | 995,988 | 405,586 | (60,000) | 1,341,574 |
| Operating expenses: | | | | |
| Administration fee | - | 60,000 | (60,000) (1) | - |
| Bad debt expense | - | 172,829 | - | 172,829 |
| Community investment | 6,000 | - | - | 6,000 |
| Conditional grant | 2,912 | - | - | 2,912 |
| Conferences and training | 2,168 | - | - | 2,168 |
| Depreciation | 1,279 | - | - | 1,279 |
| Grant expense | 740,000 | 33,334 | - | 773,334 |
| Insurance | 2,780 | - | - | 2,780 |
| Marketing | 28,970 | - | - | 28,970 |
| Meetings and dinners | 261 | - | - | 261 |
| Memberships and publications | 3,815 | - | - | 3,815 |
| Office expense and printing | 3,464 | - | - | 3,464 |
| Professional fees | 18,284 | - | - | 18,284 |
| Professional services | 1,370 | - | - | 1,370 |
| Rail initiative project | 170,577 | - | - | 170,577 |
| Salaries and benefits | 166,340 | - | - | 166,340 |
| Subcontractors | 2,525 | - | - | 2,525 |
| Travel | 5,408 | - | - | 5,408 |
| Total operating expenses | 1,156,153 | 266,163 | (60,000) | 1,362,316 |
| Operating income (loss) | (160,165) | 139,423 | - | (20,742) |

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

| | Agency | Loan Corporation | Eliminations | Total |
|--|---------------------|---------------------|--------------|---------------------|
| Nonoperating revenues (expenses): | | | | |
| Interest income | 20,660 | 149 | - | 20,809 |
| Total nonoperating revenues (expenses) | <u>20,660</u> | <u>149</u> | <u>-</u> | <u>20,809</u> |
| Change in net position | (139,505) | 139,572 | - | 67 |
| Net position - beginning of year | <u>3,132,166</u> | <u>3,678,860</u> | <u>-</u> | <u>6,811,026</u> |
| Net position - end of year | <u>\$ 2,992,661</u> | <u>\$ 3,818,432</u> | <u>\$ -</u> | <u>\$ 6,811,093</u> |

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

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
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 |
| 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 |
| Marketing | 23,191 | - | - | 23,191 |
| 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 POSITION
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 position | (871,094) | 509,521 | - | (361,573) |
| Transfer of net position to the Loan Corporation | (245,156) | - | 245,156 (4) | - |
| Transfer of net position to the Wyoming County Business Center | (241,994) | - | - | (241,994) |
| Transfer of net position from the Agency | - | 245,156 | (245,156) (4) | - |
| Net position - beginning of year | <u>4,490,410</u> | <u>2,924,183</u> | <u>-</u> | <u>7,414,593</u> |
| Net position - 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 CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

| | Agency | Loan Corporation | Eliminations | Total |
|--|---------------------|---------------------|--------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Receipts from grants | \$ 945,109 | \$ 100,000 | - | \$ 1,045,109 |
| Receipts from providing services | 690,832 | 13,069 | (60,000) (1) | 643,901 |
| Interest income on notes receivable | - | 101,426 | - | 101,426 |
| Repayments of notes receivable | - | 647,796 | - | 647,796 |
| Issuance of notes receivable | - | (689,666) | - | (689,666) |
| Payment of grants | (495,000) | (33,334) | - | (528,334) |
| Payments of service providers and suppliers | (252,346) | (60,000) | 60,000 (1) | (252,346) |
| Payments for employee services | (169,244) | - | - | (169,244) |
| Net cash provided by operating activities | <u>719,351</u> | <u>79,291</u> | <u>-</u> | <u>798,642</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | |
| Purchase of equipment | (1,660) | - | - | (1,660) |
| Net cash used by noncapital financing activities | <u>(1,660)</u> | <u>-</u> | <u>-</u> | <u>(1,660)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Interest income | 19,191 | 149 | - | 19,340 |
| Net cash provided by investing activities | <u>19,191</u> | <u>149</u> | <u>-</u> | <u>19,340</u> |
| Net increase in cash and cash equivalents | 736,882 | 79,440 | - | 816,322 |
| Cash and cash equivalents - beginning of year | <u>1,754,405</u> | <u>547,410</u> | <u>-</u> | <u>2,301,815</u> |
| Cash and cash equivalents - end of year | <u>\$ 2,491,287</u> | <u>\$ 626,850</u> | <u>\$ -</u> | <u>\$ 3,118,137</u> |

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012
(CONTINUED)

| | Agency | Loan Corporation | Eliminations | Total |
|--|--------------|------------------|--------------|-------------|
| Reconciliation of income (loss) from operations to net cash provided by operating activities: | | | | |
| Income (loss) from operations | \$ (160,165) | \$ 139,423 | \$ - | \$ (20,742) |
| Adjustment to reconcile income (loss) from operations to net cash provided (used) by operating activities: | | | | |
| Depreciation expense | 1,279 | - | - | 1,279 |
| Bad debt expense | - | 172,829 | - | 172,829 |
| Change in assets and liabilities: | | | | |
| Decrease (increase) in: | | | | |
| Accounts receivable | (53,317) | - | - | (53,317) |
| Notes receivable | - | (41,870) | - | (41,870) |
| Wind farm receivable | 579,433 | (1,486) | - | 577,947 |
| Increase in: | | | | |
| Accounts payable and accrued liabilities | 238,284 | - | - | 238,284 |
| Unearned revenue | 113,837 | (189,605) | - | (75,768) |
| Net cash provided by operating activities | \$ 719,351 | \$ 79,291 | \$ - | \$ 798,642 |

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

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) |
| Payments 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 (used) 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 |
| Unearned 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 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 \$28,833, to the Loan Corporation during the fiscal year ending December 31, 2011.

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF INDUSTRIAL REVENUE BONDS ISSUED BY THE AGENCY
December 31, 2012

| | |
|-------------------------|--|
| 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, 2012

| | |
|---------------------------|---|
| Name of Project | M&T Truckng |
| Address of Owner | Mark & Tracie Cole 532 Peoria Road Pavilion, New York 14525 |
| Date of Lease | 1/20/2006 |
| Date of Expiration | 1/19/2021 |
| Name of Project | Blue Seal Feeds, Inc. |
| Address of Owner | 50 Williams Street Arcade, New York 14009 |
| Date of Lease | 2/14/2008 |
| Date of Expiration | 2/13/2018 |
| Name of Project | Shur-Gain USA, Inc |
| Address of Owner | 3422 Dutch Hollow Road Stykersville, New York 14145 |
| Date of Lease | 2/22/2005 |
| Date of Expiration | 2/21/2015 |
| Name of Project | Koike Aronson, Inc. |
| Address of Owner | 635 West Main Street Arcade, New York 14009 |
| Date of Lease | 2/26/2007 |
| Date of Expiration | 2/25/2017 |
| Name of Project | Park Warner, LLC |
| Address of Owner | 7406 Route 98 Arcade, New York 14009 |
| Date of Lease | 2/22/2007 |
| Date of Expiration | 2/21/2017 |
| Name of Project | TPI Arcade, Inc. |
| Address of Owner | 7888 Route 98 Arcade, NY 14009 |
| Date of Lease | 10/1/1999 |
| Date of Expiration | 5/1/2020 |

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF INDUSTRIAL REVENUE LEASES ISSUED BY THE AGENCY
December 31, 2012

| | |
|---------------------------|--|
| Name of Project | Tall Bridge Asset Backed Fund, LP |
| Address of Owner | 59 Liecester Street Perry, New York 14530 |
| Date of Lease | 2/27/2004 |
| Date of Expiration | 2/26/2014 |
| Name of Project | Pioneer Properties, L.P |
| Address of Owner | 26 Edwards Street Arcade, NY 14009 |
| Date of Lease | 2/27/2003 |
| Date of Expiration | 2/27/2013 |
| Name of Project | Pioneer Properties, L.P |
| Address of Owner | 20 Parker Lane Perry, New York 14530 |
| Date of Lease | 2/24/2003 |
| Date of Expiration | 2/23/2013 |
| Name of Project | Hillcrest Industries |
| Address of Owner | 40 Favor Street Attica, New York 14011 |
| Date of Lease | 4/24/2002 |
| Date of Expiration | 4/23/2012 Expired - back on tax rolls |
| Name of Project | Noble Bliss Wind Park, LLC |
| Address of Owner | 7294 Centerville Road Bliss, New York 14024 |
| Date of Lease | 4/23/2007 |
| Date of Expiration | 6/30/2023 (plus 5) |
| Name of Project | Noble Wethersfield Windpark, LLC |
| Address of Owner | 7294 Centerville Road Bliss, New York 14024 |
| Date of Lease | 5/14/2008 |
| Date of Expiration | 06/30/2024 (plus 5) |

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF INDUSTRIAL REVENUE LEASES ISSUED BY THE AGENCY
December 31, 2012

| | |
|---------------------------|--|
| Name of Project | Sheldon Energy, LLC |
| Address of Owner | One South Wacker Drive, Suite 2020 Chicago, IL 60606 |
| Date of Lease | 9/10/2008 |
| Date of Expiration | 9/30/24 (plus 5) |
| Name of Project | Perry NY, LLC |
| Address of Owner | Rick Hauser 2 Borden Ave. Perry, NY 14530 |
| Date of Lease | 9/20/2007 |
| Date of Expiration | 9/19/2017 |
| 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 | 10/3/2008 |
| Date of Expiration | 12/31/2019 |
| 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 | 12/7/2006 |
| Date of Expiration | 12/6/2016 |

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF INDUSTRIAL REVENUE LEASES ISSUED BY THE AGENCY
December 31, 2012

Name of Project CFD Real Estate / Agri Fab & Repair
Address of Owner 7965 Route 63
Pavilion, New York 14525
Date of Lease 2/23/2010
Date of Expiration 2/23/2020

Name of Project Hidden Valley Animal Adventure, LLC
Address of Owner 2614 Royce Road
Varysburg, New York 14157
Date of Lease 1/7/2010
Date of Expiration 1/7/2020

Name of Project In.Site Enterprises, LLC
Address of Owner 2 Borden Ave. Suite 202
Perry, New York 14530
Date of Lease 2/4/2010
Date of Expiration 2/4/2020

Name of Project Perry New York LLC - Howell Building
Address of Owner 2 Borden Ave. Suite 202
Perry New York 14530
Date of Lease 4/23/2010
4/23/2020

Name of Project Steel & O'Brien Manufacturing, Inc.
Address of Owner 7196 Route 98
Arcade, New York 14009
Date of Lease 1/11/2011
Date of Expiration 1/11/2021

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF INDUSTRIAL REVENUE LEASES ISSUED BY THE AGENCY
December 31, 2012

| | |
|---------------------------|---|
| Name of Project | Noble Wind Operations |
| Address of Owner | 3700 Route 78 Bliss, New York 14024 |
| Date of Lease | 3/18/2011 |
| Date of Expiration | 2/28/2021 |
| Name of Project | EG & JR Miller (Sedam's) |
| Address of Owner | 3165 Route 246, PO Box 106 Perry, NY 14530 |
| Date of Lease | 1/27/2012 |
| Date of Expiration | 1/26/2022 |
| Name of Project | Snyder Corp./ Biggest Loser Niagara |
| Address of Owner | Six Fountain Drive Buffalo, NY 14202 |
| Date of Lease | 9/28/2012 |
| Date of Expiration | 9/27/2022 |
| Name of Project | 3208 Route 39, LLC (LVM Materials) |
| Address of Owner | 3200 Route 39 Bliss, New York 14024 |
| Date of Lease | 8/31/2012 |
| Date of Expiration | 8/30/2022 |

SECTION B

INTERNAL CONTROL AND COMPLIANCE



**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**

INDEPENDENT AUDITOR'S REPORT

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

We have audited, 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, the financial statements of the business-type activities of the Agency, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 24, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Freed Maxick CPAs, P.C.

Batavia, New York
March 24, 2013



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, 2012. 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, 2012.

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 24, 2013