

**Town of Malone
Industrial Development Agency**

AUDIT REPORT

December 31, 2010 and 2009

**Douglas S. Wood, C.P.A., P.C.
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Town Of Malone Industrial Development Agency
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December 31, 2010 & 2009

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general-purpose financial statements of the Town of Malone Industrial Development Agency, as of and for the years ended December 31, 2010 and 2009, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Town of Malone Industrial Development Agency, management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, except for the effects of recording land at assessed value, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Malone Industrial Development Agency, as of December 31, 2009 and 2008, and the results of its operations and cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2011 on our consideration of the Town of Malone Industrial Development Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contract and grants.

Douglas S. Wood, C.P.A., P.C.

Douglas S. Wood, C.P.A., P.C.

March 19, 2011

Town of Malone Industrial Development Agency
BALANCE SHEETS
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 42,690	\$ 33,244
Accounts receivable	<u>7,108</u>	<u>5,062</u>
TOTAL CURRENT ASSETS	49,798	38,306
 PROPERTY & EQUIPMENT		
Land	<u>105,600</u>	<u>105,600</u>
	<u>\$ 155,398</u>	<u>\$ 143,906</u>
 LIABILITIES & FUND EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 1,376	\$ 1,376
Deferred revenue	<u>500</u>	<u>500</u>
TOTAL CURRENT LIABILITIES	1,876	1,876
 LONG-TERM DEBT	 0	 0
 Net Assets	 <u>153,522</u>	 <u>142,030</u>
	<u>\$ 155,398</u>	<u>\$ 143,906</u>

Town of Malone Industrial Development Agency
STATEMENTS OF REVENUES, EXPENSES & CHANGES IN FUND EQUITY
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
OPERATING REVENUES		
User's fee	\$ 26,981	\$ 28,618
Interest	570	27
Transfers Town of Malone	<u>0</u>	<u>0</u>
	<u>27,551</u>	<u>28,645</u>
 OPERATING EXPENSES		
Personal services	1,200	1,200
Utilities	7,259	7,535
Professional fees	1,700	1,600
Repair & maintenance	5,828	4,111
Miscellaneous	<u>72</u>	<u>326</u>
	<u>16,059</u>	<u>14,772</u>
 INCOME (LOSS) FROM OPERATIONS	 <u>11,492</u>	 <u>13,873</u>
 NET INCOME	 11,492	 13,873
 FUND EQUITY – Beginning	 <u>142,030</u>	 <u>128,157</u>
 FUND EQUITY – Ending	 <u>\$ 153,522</u>	 <u>\$ 142,030</u>

TOWN OF MALONE INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (Loss) Income	\$ 11,492	\$ 13,873
Adjustments to reconcile net income to net cash provided by operations		
(Increase) decrease in:		
Trade accounts receivable	(2,046)	6,960
Increase (decrease) in:		
Accounts payable		(30,798)
Deferred revenue		500
NET CASH PROVIDED BY OPERATIONS	<u>9,446</u>	<u>(9,465)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>0</u>	<u>0</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>0</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH	9,446	(9,465)
CASH AT BEGINNING OF YEAR	<u>33,244</u>	<u>42,709</u>
CASH AT END OF YEAR	<u>\$ 42,690</u>	<u>\$ 33,244</u>
SUPPLEMENTAL DISCLOSURES		
Interest paid (net of amounts capitalized)	\$ 0	\$ 0

Town of Malone Industrial Development Agency
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Organization and Purpose

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

B. Property

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

C. Estimates

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

D. Investments

The Agency's investment policies are governed by state statutes. Agency monies are required to be deposited in FDIC insured commercial banks or trust companies located within the state. The Agency is authorized to use demand accounts and certificates of deposit.

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

E. Cash and Concentration of Credit Risk

As of December 31, 2010 and 2009, all bank deposits are entirely insured or collateralized with securities by the Agency's agent in the Agency's name.

Town of Malone Industrial Development Agency
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

F. Cash and Cash Equivalents

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

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the general-purpose financial statements of the Town of Malone Industrial Development Agency, as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated March 19, 2011. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Malone Industrial Development Agency's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Malone Industrial Development Agency's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town of Malone Industrial Development Agency's ability to record, process, summarize and report financial data consistent with the assertions of management in the general-purpose financial

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statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we believe of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the Town of Malone Industrial Development Agency' management, and federal awarding agencies and pass-through entities and is not to be and should not be used by anyone other than these specified parties.

Douglas S. Wood, C.P.A., P.C.

Douglas S. Wood, C.P.A., P.C.

March 19, 2011

Town of Malone Industrial Development Agency
SUMMARY OF MATERIAL WEAKNESSES AND REPORTABLE CONDITIONS
December 31, 2010

01-10

Inadequate Recordkeeping

During our audit it was determined that a complete general ledger was not maintained. All assets including savings accounts, receivables, land and accounts payable should be included in the general ledger. This was a similar comment in our report dated April 26, 2010.