

**CITY OF AMSTERDAM INDUSTRIAL
DEVELOPMENT AGENCY
FINANCIAL STATEMENTS
JUNE 30, 2011**

**LEAVENWORTH & CO., C.P.A.'S, P.L.L.C.
2600 STATE HIGHWAY 30A
FONDA, NEW YORK 12068**

**INDUSTRIAL DEVELOPMENT AGENCY
ANNUAL FINANCIAL REPORT**

_____ Please check here if the name, address, and/or telephone number is different from last year.

FOR CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY

(name of Industrial Development Agency)

CITY OF AMSTERDAM

(name of sponsoring municipality)

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

General Municipal Law, Section 859 (1):

(b) Within ninety days following the close of its fiscal year, each agency or authority shall prepare a financial statement for that year in such form as may be prescribed by the State Comptroller. Such statement shall be audited within such ninety day period by an independent certified public accountant...

(c) Within thirty days after completion, a copy of the audited financial statement shall be transmitted to the commissioner of the Department of Economic Development, the State Comptroller and the governing body of the municipality for whose benefit the agency was created.

NYS OFFICE OF THE STATE COMPTROLLER
DIVISION OF LOCAL GOVERNMENT SERVICES AND
ECONOMIC DEVELOPMENT
110 STATE STREET, DATA MANAGEMENT UNIT 12TH FLOOR
ALBANY, NEW YORK 12236

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LEAVENWORTH & CO., C.P.A.'S, P.L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITORS' REPORT

To the Chairman and Board of
City of Amsterdam Industrial Development Agency

We have audited the accompanying financial statements of the City of Amsterdam Industrial Development Agency, a public benefit corporation, a component unity of the City of Amsterdam, New York, as of and for the year ended June 30, 2011, which collectively comprise the Agency's basic financial statements as listed on the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Amsterdam Industrial Development Agency as of June 30, 2011, and the changes in financial position and cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 26, 2011, on our consideration of the City of Amsterdam Industrial Development 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 the internal control over financial reporting or 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 management's discussion and analysis on pages B-1 through B-2 is not a required part of the basic financial statements but is supplementary information required by U.S. generally

accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Amsterdam Industrial Development Agency's basic financial statements. The supplemental information on pages 6 to 11 and C, D, E, F and G is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

LEAVENWORTH & CO., CPA'S, P.L.L.C.

September 26, 2011
Fonda, New York

AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY

61 Church Street
Amsterdam, New York 12010

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Management Discussion & Analysis Report

The Amsterdam Industrial Development Agency (IDA or AIDA) is a public benefit corporation created by state legislation to promote economic development within the City of Amsterdam. The City of Amsterdam's Common Council appoints the board members of the agency, but the City exercises no oversight responsibility. The board members of the Agency are involved in the management of the Agency and accountability for fiscal matters.

The Agency, during the fiscal year of 2009-2010 continues to be committed to assisting the City of Amsterdam in its efforts to further economic development opportunity. The IDA continues to seek and market companies who may be interested in expanding or moving to the city. The IDA is mindful of the need to assist companies wanting to relocate to the city. To that end, we continue to offer assistance through loans, financial assistance and through bonding opportunities.

The basic financial statements are very similar to the financial statements of a for profit entity, there are no fund level financial statements applicable to the Agency.

A comparison of this year to last year's financial information is as follows:

| | 10-11 | 09-10 |
|-------------------------|----------------------------|----------------------------|
| Assets | | |
| Current Assets | \$ 588,898 | \$ 714,636 |
| Capital Assets | <u>2,558,402</u> | <u>2,675,963</u> |
| Total Assets | 3,147,300 | 3,390,599 |
| Liabilities | 1,185,837 | 1,262,249 |
| Net Assets | | |
| Capital Assets net | 1,406,826 | 1,462,449 |
| Unrestricted | 393,932 | 539,953 |
| Restricted | <u>160,705</u> | <u>126,048</u> |
| Total Net Assets | \$ <u>1,961,463</u> | \$ <u>2,128,350</u> |

Accomplishments include the continued work on a bonding project for the addition to an AIDA owned building with an increase of 4-5 jobs per year for the next 4-6 years. The Agency also provided financial assistance in the form of a PILOT to a business that is leasing an AIDA owned building in the Edson Street Park.

Jody Zakrevsky
Chief Executive Officer

CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY
 ENTERPRISE FUND * BALANCE SHEET * AS OF JUNE 30, 2011

| ASSETS | | EDP CODE | LIABILITIES AND NET ASSETS | EDP CODE |
|-----------------------------------|---------------------|-----------------|---|---------------------|
| Cash | \$ 310,499 | ED100S | Accounts Payable | \$ 2,222 |
| Investments | 46,500 | ED105S | Accrued Liabilities | 5,067 |
| Other Receivables (Net) | 67,169 | ED115S | Retained Percentages | - |
| State and Federal Aid Receivables | - | ED120S | Notes Payable | - |
| Due From Other Funds | - | ED125S | Other Liabilities | - |
| Due From Other Governments | - | ED130S | Due to Other Funds | - |
| Inventories | - | ED135S | Due to Other Governments | 26,972 |
| Prepaid Expenses | 4,025 | ED140S | Bond and Long Term Liabilities | 1,151,576 |
| Restricted Assets | 160,705 | ED145S | Deferred Revenues | - |
| Fixed Assets (Net) | 2,558,402 | ED150S | Total Liabilities | \$ 1,185,837 |
| TOTAL ASSETS | \$ 3,147,300 | | Net Assets | |
| | | | Invested in Capital Assets, Net of | |
| | | | Related Debt | 1,406,826 |
| | | | Restricted | 160,705 |
| | | | Unrestricted | 393,932 |
| | | | Net Assets | 1,961,463 |
| | | | TOTAL LIABILITIES AND NET ASSETS | \$ 3,147,300 |

The Notes to the Financial Statements are an integral part of this statement

CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY
ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| | <u>EDP CODE</u> | <u>AMOUNT</u> |
|---|-----------------|---------------------|
| <u>Operating Revenues</u> | | |
| Charges for Services | ED515S | \$ 5,220 |
| Rental Income | ED S | 286,440 |
| Total Operating Revenues | | \$ 291,660 |
| | | |
| <u>Operating Expenses</u> | | |
| Personal Services | ED625.1S | 55,670 |
| Contractual Expenses | ED625.4S | 187,468 |
| Employee Benefits | ED625.8S | 7,320 |
| Depreciation | ED603.4S | 117,560 |
| Total Operating Expenses | | \$ 368,019 |
| Operating Income (Loss) | | \$ (76,359) |
| | | |
| <u>Non-Operating Revenues (Expenses)</u> | | |
| Revenues: | | |
| Use of Money and Property | ED525S | \$ 3,257 |
| Sale of Property and Compensation for Loss | ED530S | (56,908) |
| Net Non-Operating Revenue (Expense) | | \$ (53,651) |
| Income (Loss) Before Transfers and Taxes | | \$ (130,010) |
| Operating Transfers In | ED555S | - |
| Operating Transfers Out | ED655.9S | - |
| Real Property Taxes | ED .4S | (36,877) |
| Net Income (Loss) | | \$ (166,887) |
| Net Assets - Beginning of Year | ED400S | \$ 2,128,350 |
| Net Assets - End of Year | | \$ 1,961,463 |

The Notes to the Financial Statements are an integral part of this statement

CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY
 STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED JUNE 30, 2011
 INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

| | <u>EDP CODE</u> | <u>AMOUNT</u> |
|---|-----------------|---------------------|
| <u>Cash Flows from Operating Activities:</u> | | |
| Cash Received from Provided Services | ED7111S | \$ 291,660 |
| Cash Payments Contractual Expenses | ED7112S | (194,789) |
| Cash Payments Personal Services & Benefits | ED7113S | (55,670) |
| Other Operating Revenues | ED7114S | (8,818) |
| Net Cash Provided (Used) by Operating Activities | | \$ 32,383 |
| <u>Cash Flows from Non-Capital and Financing Activities:</u> | | |
| Real Property Taxes | ED7121S | \$ (36,877) |
| Operating Grants Received | ED7122S | - |
| Transfers To/From Other Funds | ED7123S | - |
| Proceeds of Debt (Non-Capital) | ED7124S | - |
| Payment of Debt (Non-Capital) | ED7125S | - |
| Interest Expenses (Non-Capital) | ED7126S | - |
| Net Cash Provided (Used) by Non-Capital Financing Activities | | \$ (36,877) |
| <u>Cash Flows from Capital and Related Financing Activities:</u> | | |
| Proceeds of Debt (Capital) | ED7131S | \$ - |
| Principal Payments Debt (Capital) | ED7132S | (61,938) |
| Interest Expenses (Capital) | ED7133S | - |
| Capital Contributed by Developers | ED7134S | - |
| Capital Contributed by Other Funds | ED7135S | - |
| Payments to Contractors | ED7136S | - |
| Capital Grants from Other Governments | ED7137S | - |
| Proceeds from Sale of Assets | ED7138S | (56,908) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | ED7139S | \$ (118,846) |

The Notes to the Financial Statements are an integral part of this statement

CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY
 STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED JUNE 30, 2011
 INCREASES(DECREASE) IN CASH AND CASH EQUIVALENTS (Continued)

| | <u>EDP CODE</u> | <u>AMOUNT</u> |
|---|-----------------|--------------------|
| Cash Flows from Investing Activities: | | |
| Purchase of Investments | ED 7151S | \$ (5,000) |
| Sale of Investments | ED 7152S | - |
| Interest Income | ED 7153S | 3,257 |
| Net Cash Provided (Used) by Investing Activities | ED 7159S | <u>\$ (1,743)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | ED 7161S | <u>\$ (62,894)</u> |
| Cash and Cash Equivalents at Beginning of Year | ED 7171S | 534,098 |
| Cash and Cash Equivalents at End of Year | ED 7179S | <u>\$ 471,204</u> |

RECONCILIATION OF OPERATING INCOME TO NET CASH

| | | |
|--|----------|---------------------|
| Operating Income(Loss) | ED 7181S | <u>\$ (76,359)</u> |
| Adjustments to Reconcile Operating Income to Net Cash Provided(Used) from Operations: | | |
| Depreciation | ED 7182S | \$ 117,560 |
| Increase/Decrease in Assets Other than Cash and Cash Equivalents | ED 7183S | (180,405) |
| Increase/Decrease in Liabilities Other than Cash and Cash Equivalents | ED 7184S | (76,412) |
| Other Reconciling Items: | | |
| <u>NET NON-OPERATING REVENUES</u> | ED 7185S | 53,656 |
| <u>REAL PROPERTY TAXES</u> | ED 7185S | 36,877 |
| | ED 7185S | |
| | ED 7185S | |
| Total Adjustments | ED 7188S | <u>\$ (48,724)</u> |
| Net Cash Provided (Used) by Operating Activities | ED 7189S | <u>\$ (125,083)</u> |

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. *Financial Reporting Entity*

The City of Amsterdam Industrial Development Agency (Agency) is a public benefit corporation created by State legislation to promote economic development within the City of Amsterdam. The Board members of the Agency are appointed by the City of Amsterdam's Common Council, but the City exercises no oversight responsibility. Agency Board members have complete responsibility for management of the Agency and accountability for fiscal matters.

The financial reporting entity includes functions and activities over which the Board exercises oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

Based on the foregoing criteria and the significant factors presented below, the following functions or activities are included in the reporting entity.

Jobs for Amsterdam Grant

The Agency is a named participating party in a Housing and Urban Development (HUD) grant to the City of Amsterdam for the Amsterdam Community Development Program to operate a revolving loan fund of \$195,000. These funds are to be loaned, for a period not to exceed ten years, to industry and not-for-profit organizations for the purpose of creating and retaining permanent jobs within the City of Amsterdam. Significant factors requiring inclusion of the grant activity in the Agency reporting entity are as follows:

- (i) Loans are made to area businesses in the name of the Agency and repayment is due to the Agency.
- (ii) The Agency's Board approves all loans.

Brookside Grant

The Agency is a participating party in a HUD grant to the City of Amsterdam to operate a revolving loan fund of \$160,000. Significant factors requiring inclusion of the grant activity in the Agency reporting entity are as follows:

- (i) Loans are made to area businesses in the name of the Agency and repayment is due to the Agency.
- (ii) The Agency's Board approves all loans.

The revolving loan funds created from the HUD grants, as described above, provides local industry and not-for-profit organizations a source of credit which they may not be able to obtain elsewhere. Due to the high-risk nature of the loans made by the Agency,

CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Financial Reporting Entity*

Some part or all of the grant funds may be lost. The Agency is not responsible for repayment to HUD for funds lost as a result of loans that become uncollectible. The effect on the Agency is that there are fewer funds from which additional loans can be made.

B. *Basis of Presentation*

The Agency's operations are accounted for in a manner similar to a private business enterprise. The measurement focus is upon determination of net income, financial position, and changes in cash flows.

C. *Basis of Accounting*

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is followed. Using this basis of accounting, revenues are recognized when earned and expenses are recorded when incurred. Revenues from Federal, State and other grants designated for payment of specific expenditures are recognized when the related expenditures are incurred. Any excess of grant receipts or expenditures at the fiscal year-end is recorded as deferred revenue or accounts receivable, respectively.

The Agency policy defines operating revenues as those which are a result of having provided services to local businesses, ex. Lease and rental income. Non-operating revenues can include grant proceeds and interest earned on deposits in banks.

It is the agency's policy to apply FASB pronouncements issued after November 30, 1989.

D. *Fixed Assets*

Fixed assets are stated at cost. Expenditures for additions, renewals and betterments are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in revenue.

The Agency pursues economic development, in part, by purchasing real property and preparing the property for sale or lease, with an option to buy, to local businesses or to those businesses which desire to relocate to the City of Amsterdam. During the time the Agency holds the property the Agency attempts to maintain the condition of the property by offering it to businesses under the terms of operating leases. The operating leases are incidental to the objective of selling the property and thereby increasing the City's real property tax base. Depreciation is not recognized on those properties being temporarily utilized as described above. Depreciation is recognized when an asset is placed in service.

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Fixed Assets

As of June 30, 2011 the following assets are being depreciated using the straight-line method:

| <u>Asset</u> | <u>Estimated Useful Life</u> |
|--|------------------------------|
| Furniture, fixtures and equipment | 5 years |
| Improvements to Edson Street industrial park picnic area | 8 years |
| Improvements to Edson Street industrial park railroad spur | 30 years |
| Buildings | 23 - 30 years |

E. Provision for Uncollectible Accounts

The Agency uses the allowance method to account for uncollectible accounts based on an estimate of amounts deemed uncollectible. When continued collection activity results in receipt of amounts previously written off, revenue is recognized for the amount collected.

F. Industrial Revenue Bonds

The Agency may issue industrial revenue bonds. The bonds are special obligations of the Agency payable solely from revenue derived from the leasing, sale or other disposition of a project. The Agency has no responsibility to repay the bonds in the event of default. There is no liability to the Agency, therefore, the obligations are not accounted for in the accounts of the Agency. However, memorandum accounts are maintained until the bonds are paid.

The following is a summary of the outstanding bonds as of June 30, 2011:

| | <u>Noteworthy, Industries, Inc.</u> |
|--------------------------|--|
| Payable at June 30, 2010 | \$ 955,728 |
| Redeemed | <u>194,022</u> |
| Payable at June 30, 2011 | <u>\$ 761,706</u> |

G. Investments

Investments are stated at fair value.

Investments in common stock as of June 30, 2011 consist of:

Amsterdam Chuctanunda and Northern Railroad Company (A) \$ 31,500

(A) Carrying value approximates market value of the shares owned.

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

G. *Investment – continued*

The Agency purchased an option to purchase real property on August 13, 2009 for \$10,000 and an additional renewed option on July 14, 2010 for \$5,000 from Peter and Cindy Demitraszek.

H. *Risk Management*

The Agency has purchased insurance coverage for property damage and personal injury liability for the Agency's real property. 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. There were no claims that exceeded coverage for the year ended June 30, 2011.

I. *Compensated Absences*

Agency employees are granted vacation and sick leave in varying amounts. In the event of termination, employees are entitled to payment for accumulated vacation time.

J. *Cash*

The Agency's investment policies are governed by State statutes. Agency monies must be deposited in any bank or trust company located within the State. The Agency is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit for all 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.

As of June 30, 2011, the book amount of the Agency's deposits was \$471,204. The bank balance was \$472,124, which was covered by \$260,438 of FDIC insurance, \$211,686 which was collateralized with securities held by the third party custodial bank in the Agency's name.

K. *Cash and Cash Equivalents*

For the purposes of the cash flows statements cash and cash equivalents are those investments that have a maturity less than three months.

2. RESTRICTED ASSETS

Restricted assets consists of cash and as of June 30, 2011 is comprised of the following:

| | |
|--|-------------------|
| Jobs for Amsterdam and Brookside grants (A)(B)(C)(D) | <u>\$ 160,705</u> |
|--|-------------------|

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

- (A) The cash can be used only for the purpose of loans to private industry and not-for-profit organizations for the purpose of creating and retaining permanent jobs within the City of Amsterdam.
- (B) In March of 2000, the Agency authorized the use of restricted Jobs for Amsterdam Fund cash in the amount of \$200,000 to complete construction of Shell Building, which has now been leased to AGT Services, Inc. See Note 8. The \$200,000 shall be repaid to the restricted cash account with 10% of each monthly rental payment received. Balance owed at June 30, 2011 is \$169,719.
- (C) In February 2006, the Agency authorized a loan from the restricted Jobs For Amsterdam Fund in the amount of \$150,000 for the City's local Waterfront Revitalization Program. See Note 6 (B). The \$150,000, when fully loaned, shall be repaid to the restricted cash account from the Agency resources. As of June 30, 2011 the Agency has advanced \$98,799 to the City. The Waterfront Program closed and no payment is expected.

3. OTHER RECEIVABLES

Other receivables at June 30, 2011 is comprised of the following:

| | |
|--|------------------|
| Accounts receivable | \$ 3,976 |
| Note receivable | 63,192 |
| Net investment in direct financing leases (see Note 7) | 0 |
| Total | <u>\$ 67,169</u> |

The following is a schedule of the note receivable as of June 30:

| <u>Payable From/Description</u> | <u>Original Amount</u> | <u>Interest Rate (%)</u> | <u>Monthly Payment</u> | <u>Balance at June 30, 2011</u> |
|---------------------------------------|------------------------|--------------------------|------------------------|---------------------------------|
| Town and County Bridge and Rail, Inc. | \$ 95,000 | 4.50 | \$1,771.09 | \$ 38,958 |
| La Cucina di Parillo | 26,234 | 4.25 | 263.84 | 26,234 |
| Less allowance for doubtful accounts | | | | <u>(2,000)</u> |
| Note Receivable | | | | <u>\$ 65,192</u> |

- (A) The Town and County Bridge and Rail, Inc. note is payable over 60 equal monthly payments of \$1771.09, beginning June 30, 2010 at an interest rate of 4.5% secured by a mortgage on 64 Edson Street and a personal guarantee from the owners.
- (B) The La Cucina di Parillo note is payable over 72 monthly payments of \$263.84, beginning March 15, 2011 at an interest rate of 4.25% with the remaining balance due at the end of the 72 months. The note is secured by certain equipment and a personal guarantee from the owner.

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

4. FIXED ASSETS

Fixed asset balances for the year ended June 30, 2011 are as follows:

| | <u>Balance</u> <u>June 30, 2010</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance</u> <u>June 30, 2011</u> |
|---------------------------------------|--|-------------------|-----------------|--|
| Fixed assets that are not depreciated | | | | |
| Land | \$ 204,076 | \$ - | \$ - | \$ 204,076 |
| Land improvements | <u>78,322</u> | <u>-</u> | <u>-</u> | 78,322 |
| Total Nondepreciable | <u>282,398</u> | <u>-</u> | <u>-</u> | <u>282,398</u> |
| | | | | |
| Fixed assets that are depreciated: | | | | |
| Land improvements | 444,729 | - | - | 444,729 |
| Buildings | 2,891,961 | - | - | 2,891,961 |
| Furniture, fixtures and equipment | <u>31,910</u> | <u>-</u> | <u>-</u> | <u>31,910</u> |
| Total Depreciated Assets | <u>3,368,600</u> | <u>-</u> | <u>-</u> | <u>3,368,600</u> |
| | | | | |
| Less accumulated depreciation: | | | | |
| Land improvements | 414,445 | 15,141 | - | 429,586 |
| Buildings | 536,018 | 98,414 | - | 634,432 |
| Furniture, fixtures and equipment | <u>24,572</u> | <u>4,005</u> | <u>-</u> | <u>28,577</u> |
| Total Accumulated Depreciation | <u>975,035</u> | <u>117,560</u> | <u>-</u> | <u>1,092,595</u> |
| | | | | |
| Total Depreciated Assets, net | <u>\$ 2,675,963</u> | <u>\$ 117,560</u> | <u>\$ -</u> | <u>\$ 2,558,403</u> |

Certain of the above properties are described below:

Description of Property and/or Location

A. VanDerveer Park

Located at the northeastern corner of Park Street and Locust Avenue.

B. Edson Street Industrial Park (A)

The Park is located in the City of Amsterdam and contains 39.5 acres of land as of June 30, 2011. The Agency has subdivided the industrial park and prepared the parcels for sale or lease.

C. Front Street

During August 1994, the Agency purchased land from individual property owners. The property is in the process of development for sale or lease by the Agency.

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

5. COMPENSATED ABSENCES

The Agency does not accrue a liability for accumulating sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, the value of accumulating sick leave is considered a contingent liability. The Agency amount of accumulated sick leave at June 30, 2011 is immaterial.

The Agency records the value of the earned and unused portion of the liability for vacation time for employees. The liability at June 30, 2011 is \$2,062. See Note 1.I.

6. COMMITMENTS AND CONTINGENCIES

- A. The Agency has received significant amounts of Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the Agency believes such disallowance, if any, would be immaterial.
- B. The Agency has committed a \$150,000 grant to the City of Amsterdam for the Bridge Street Reconstruction. As of June 30, 2011, the Agency had paid \$60,924 of the grant. The Waterfront Program closed and no payment is expected.
- D. The Agency has committed up to \$70,000 for the construction of a building at Riverlink Park with the Amsterdam Waterfront Foundation. The Agency has advanced \$7,000 and \$3,497 in July and August 2007, respectively. No further money will be advanced as the Waterfront Foundation is defunct.
- E. In July 2008, the Agency entered into a new operating lease with AGT Services, Inc. See note 8. As part of the new lease the Agency committed additional land to the facility so that an addition to the existing facility could be constructed. Construction was completed in the previous fiscal year and the agency entered into a permanent loan agreement. The operating lease will provide sufficient cash flow for the repayment of the Agency's loan obligation. The land, building and lease are collateral for the loan.
- F. In January 2011, the Agency entered into a new operating lease with Power & Composite Technologies. See note 8.
- G. In February 2011, the Agency entered into a promissory note with Paul Parillo, dba La Cucina di Parillo. The note is for \$27,000 to be paid back in 72 installments of \$263.84 and a balloon payment at the end of the this term. As of June 30, 2011, the balance is \$26,234.

CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

7. DIRECT FINANCING LEASES (INCLUDED IN OTHER RECEIVABLES)

- A. During November 1995, the Agency acquired the former Bojud Knitting property on Willow Street. During December 1995, the Agency leased the land and building to Northeast Water Jet, Inc. for a fifteen year term. The lease includes an option to purchase during the term of the lease at the present value of the remaining lease payments. The lease was paid off in September 2010.

- B. During January 2001, the Agency finalized the transfer of the former Mazzarella Pizza, Inc. lease/purchase agreement to Washburn's Refrigerated Storage, Inc. for the shell building Mazzarella Pizza, Inc. occupied since 1996 which is located on Sam Stratton East Road in the Edson Street Industrial Park. The terms continue for the unexpired balance of the fifteen year term for land and building. The lease includes an option to buy the building during the term of the lease at the present value of the remaining lease payments. During the lease term, Washburn's Refrigerated Storage, Inc. can buy 1.925 acres of land at \$3,000 per acre. Washburn opted to buy the building for \$5,776.00 in March 2011.

8. OPERATING LEASES

The Agency has real property available for lease to promote economic development within the City of Amsterdam.

During September 2002, the Agency leased land and buildings in the Edson Street Park to AGT Services, Inc. for a period of five years with an option to renew or an option to purchase. In 2007, AGT exercised its option to renew its lease for an additional five years. In July, 2008, the Agency renewed their lease with AGT for a period of 15 years with an option to renew and option to purchase. In October 2009 the lease payments were adjusted because the construction of the new addition was complete and a permanent loan was in place. The cost, carrying value of the land, building, accumulated depreciation, and net book value of the building at June 30, 2011 are \$4,232, \$1,859,708, \$265,463 and \$1,594,245, respectively.

During September 2004, the Agency leased land and building in the Edson Street Park to Comptech Corporation for a period of five years with an option to renew. On July 1, 2008 the Agency amended its lease with Comptech Corporation to remove Comptech as tenant and replace them with Breton Industries, Inc., subtenants of Comptech. The lease period is July 1, 2008 through August 31, 2014. The cost, carrying value of the land, building, accumulated depreciation and net book value of the building at June 30, 2011, are \$4,371, \$312,493, \$72,915, and \$239,578, respectively.

**CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011**

8. OPERATING LEASES

In October, 2007, the Agency leased land and buildings at 30-32 and 24-26 East Main Street to the Professional Wrestling Hall of Fame and Museum for a period of ten years with an option to purchase. The cost, carrying value of the land, building, accumulated depreciation and net book value of the building at June 30, 2011, are \$4,540, \$165,572, \$38,595 and \$126,977, respectively.

During December, 2009, the Agency leased land and buildings located at 5 Sam Stratton Drive in the Edson Street Industrial Park for a period of five years to Power and Composite Technologies, LLC. (PCT). The cost, carrying value of the land, building, accumulated depreciation and net book value of the building at June 30, 2011, are \$68,709, \$480,000, \$208,000 and \$272,000, respectively

A schedule of future minimum rentals on noncancellable operating leases is as follows:

| | AGT Services, Inc. | Comptech Corpor- ation | The Professional Wrestling Hall of Fame and Museum | Power and Composite Tech. LLC | <u>Totals</u> |
|-----------------------------|-----------------------------------|---------------------------------------|---|--|----------------------|
| For the year ended June 30, | | | | | |
| 2012 | \$ 120,702 | \$ 29,700 | \$ 501 | \$ 57,500 | \$ 208,403 |
| 2013 | 120,702 | 29,700 | 501 | 60,000 | 210,903 |
| 2014 | 120,702 | 29,700 | 501 | 30,000 | 180,903 |
| 2015 | 120,702 | 4,950 | 501 | 0 | 126,153 |
| 2016 | <u>120,702</u> | <u>0</u> | <u>501</u> | <u>0</u> | <u>121,203</u> |
| Totals | <u>\$ 603,510</u> | <u>\$ 94,050</u> | <u>\$ 2,505</u> | <u>\$147,500</u> | <u>\$ 847,565</u> |

9. RESTRICTED NET ASSETS

The agency has \$160,705 of restricted net assets from having received federal grant funds for a revolving loan fund. See notes 1A and 2.

CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF INDEBTEDNESS

FOR THE FISCAL YEAR ENDED JUNE 30, 2011

| <u>Bonds Entity</u> | <u>Original Issue</u> | <u>Issued</u> | <u>Interest</u> | <u>Outstanding Beginning of Year</u> | <u>Issued During Fiscal Year</u> | <u>Paid During Fiscal Year</u> | <u>Outstanding End of Fiscal Year</u> | <u>Final Maturity Date</u> |
|-----------------------------|-----------------------|---------------|-----------------|--------------------------------------|----------------------------------|--------------------------------|---------------------------------------|----------------------------|
| Noteworthy Industries, Inc. | \$1,400,000 | 12/07 | 5.061 | \$955,728 | - | \$194,002 | \$761,726 | 12/2014 |

The Notes to the Financial Statements are an integral part of this statement

MATURITY SCHEDULE
BONDS ISSUED DURING THE YEAR

| PURPOSE OF ISSUE | EDP CODE | Manufacturing- Noteworthy Industries, Inc. | | | |
|--|----------|---|-----|-----|-----|
| For State Comptroller Use Only | 2P3CE | | | | |
| TOTAL PRINCIPAL | 2P3PR | 1,400,000 | | | |
| DATE OF ISSUE* | 2P3DT | 12/01/07 | / / | / / | / / |
| INTEREST RATE (In Decimals) | 2P3PC | .05061 | | | |
| DATE OF FINAL MATURITY* | 2P3DM | 12/31/14 | / / | / / | / / |
| | 2P302 | 0 | | | / / |
| | 2P303 | 0 | | | / / |
| | 2P304 | 0 | | | / / |
| | 2P305 | 0 | | | / / |
| | 2P306 | 0 | | | / / |
| | 2P307 | 0 | | | / / |
| | 2P308 | 84,425 | | | / / |
| | 2P309 | 175,381 | | | / / |
| | 2P310 | 184,466 | | | / / |
| | 2P311 | 194,022 | | | / / |
| | 2P312 | 204,072 | | | / / |
| | 2P313 | 214,643 | | | / / |
| | 2P314 | 225,762 | | | / / |
| | 2P315 | 117,229 | | | / / |
| | 2P316 | 0 | | | / / |
| Amount of Principal Redeemed In or to be Redeemed In Fiscal Year Ending In | | | | | |
| | 2002 | | | | |
| | 2003 | | | | |
| | 2004 | | | | |
| | 2005 | | | | |
| | 2006 | | | | |
| | 2007 | | | | |
| | 2008 | | | | |
| | 2009 | | | | |
| | 2010 | | | | |
| | 2011 | | | | |
| | 2012 | | | | |
| | 2013 | | | | |
| | 2014 | | | | |
| | 2015 | | | | |
| | 2016 | | | | |
| Continue on Reverse Side | | | | | |

*PLEASE INSERT SIX DIGITS, FOR EXAMPLE, APRIL 1, 2003 SHOULD BE SHOWN AS 04/01/03
NOTE: If two or more purposes are combined in a consolidated issue, show the maturity schedule for each purpose.

**INSTRUCTIONS FOR COMPLETING SCHEDULE OF SUPPLEMENTAL BOND/NOTE AND LEASE INFORMATION
FOR INDUSTRIAL DEVELOPMENT AGENCIES AND AUTHORITIES**

The Supplemental Information follows the Maturity Schedule and is required to be completed for each project begun in 1990 and thereafter for which debt was issued, outstanding or retired during the fiscal year or any straight lease agreement which was entered into since 1990 and thereafter and is outstanding. (Photocopy additional sheets if needed).

1. On the Schedule of Supplemental Information, the name of the project, the name of the project owner, and the project owner's address must be completed for all projects begun in 1990 and thereafter. This information should be current and reflect any changes since the project was undertaken. The project code must be established and reported for all projects started in 1998 and thereafter. Refer to separate instructions for coding structure for IDA project identification numbers. This code should also be used to identify the project in reporting project activity to other state agencies or departments.
2. The project purpose code should be taken from the list on the top of pages 11 and 12 of the annual report forms. The definitions for the codes follows these instructions.
3. Total Project Amount is the cost of the entire project.
4. Benefited Project Amount is Total Project Amount less any project costs that will not result in an IDA-derived benefit. For example, items included within the project amount that are not sales taxable (e.g. service, such as legal, architectural, engineering) or do not result in an increase in the real property assessment.
5. Bond or Note Amount is the original principal amount of bond or note issued.
6. Show the federal tax status of each bond or note using the codes on top of page 11.
7. Not-for-Profit Organization status of project occupant should be indicated by putting a "yes" in the not-for-profit column.
8. New Tax Revenue If No Exemptions Granted refers to the amount of tax revenue a project would generate if the project did not receive any tax exemptions.
9. Method of Financial Assistance Other Than Tax Exemptions or other economic benefits can be detailed on another page if necessary.
10. Tax exemptions refer to the total dollar amount of exemptions received during the year for which the report is being completed. For real property tax exemptions, please indicate the total amount of taxes for which the project would have been liable if the IDA was not involved. Do not deduct amounts paid pursuant to any payment in lieu of taxes (PILOT) agreements. Real property tax exemptions must be shown for all projects including those to which PILOTS are made.
11. Total Real Property Tax Exemptions Net of RPTL section 485-b Exemptions is the amount of real property tax exemptions the project received as a result of IDA status, i.e., deduct from the IDA exemption the amount of any real property tax exemptions the project would have received, irrespective of IDA involvement.
12. Each project where a PILOT is made must be listed on pages 11b and 12b.
-- code 1 (all local units); -- code 2 (selected local units)
13. FTE Jobs Created and Retained-report the number of full time equivalent jobs.

PROJECT PURPOSE CODE DEFINITIONS

Services: This category includes establishments primarily engaged in producing a wide variety of services for individuals, business and government establishments and other organizations. Hotels and other lodging places, recreational services, health, legal, engineering, and other professional services; educational institutions, membership organizations, and other miscellaneous services, are included.

Construction: This category includes establishments primarily engaged in construction. Three broad types of construction activity are covered: (1) building construction by general contractors or by operative builders; (2) heavy construction other than building by general contractors and special trade contractors; and (3) construction activity by other special trade contractors.

Agriculture, Forestry and Fishing: This category includes establishments primarily engaged in agricultural production, forestry, commercial fishing, hunting and trapping and related services.

Wholesale Trade: This category includes establishments or places of business primarily engaged in selling merchandise to retailers; to industrial, commercial, institutional, farm, construction contractors, or professional business users; or to other wholesalers; or acting as agents or brokers in buying merchandise for or selling merchandise to such persons or companies.

Retail Trade: This category includes establishments engaged in selling merchandise for personal or household consumption and rendering services incidental to the sale of the goods. In general, retail establishments are classified by kind of business according to the principal lines of commodities sold (groceries, hardware, etc.), or the usual trade designation (drug store, cigar store, etc.). Some of the important characteristics of retail trade establishments are: the establishment is usually a place of business and is engaged in activities to attract the general public to buy; the establishment buys or receives merchandise as well as sells; the establishment may process its products, but such processing is incidental or subordinate to selling; the establishment is considered as retail in the trade; and the establishment sells to customers for personal or household use.

Finance, Insurance and Real Estate: This category includes establishments operating primarily in the fields of finance, insurance and real estate. Finance includes depository institutions, non-depository credit institutions, holding (but not predominantly operating) companies, other investment companies, brokers and dealers in securities and commodity contracts, and security and commodity exchanges. Insurance covers carriers of all types of insurance, and insurance agents and brokers. Real estate includes owners, lessors, lessees, buyers, sellers, agents, and developers of real estate.

Transportation, Communications, Electric, Gas and Sanitary Services: This category includes establishments providing, to the general public or to other business enterprises, passenger and freight transportation, communications services, or electricity, gas, steam, water or sanitary services.

Other Categories:

- Exempt Facility --Water and sewage facilities --Docks, wharves and public transit --Solid waste and resource recovery
- Local furnishing of electric energy or gas --Exempt sports facility --Pollution control --Civic Facility-- Facility owned or occupied by a nonprofit organization

Manufacturing: The manufacturing category includes establishments engaged in the mechanical or chemical transformation of materials or substances into new products. These establishments are usually described as plants, factories, or mills and characteristically use power drive machines and materials handling equipment. Establishments engaged in assembling component parts of manufactured products are also considered manufacturing if the new product is neither a structure nor other fixed improvement. Also included is the blending of materials, such as lubricating oils, plastic resins, or liquors.

CERTIFICATE OF CHIEF FISCAL OFFICER

I, JODY ZAKREVSKY, CERTIFY THAT I AM THE CHIEF FISCAL OFFICER OF THE
CITY OF AMSTERDAM INDUSTRIAL DEVELOPMENT AGENCY AND THAT THIS REPORT TO THE BEST OF MY
KNOWLEDGE, INFORMATION, AND BELIEF, IS A TRUE AND CORRECT STATEMENT OF THE FINANCIAL TRANSACTIONS AND FISCAL
CONDITION FOR THE FISCAL YEAR ENDED JUNE 30, 2011

SIGNATURE _____ DATE _____

TITLE CHIEF FISCAL OFFICER

OFFICIAL ADDRESS: _____ OFFICE TELEPHONE NO. _____
61 CHURCH STREET
AMSTERDAM NY 12010

PLEASE PRINT ADDITIONAL INFORMATION BELOW

CHIEF EXECUTIVE OFFICER (CEO): JODY ZAKREVSKY
TITLE: EXECUTIVE DIRECTOR

OFFICIAL ADDRESS: _____
61 CHURCH STREET
AMSTERDAM, NEW YORK 12010

OFFICE TELEPHONE NO. _____
(518) 842-5011

PLEASE MAIL REPORT TO:

NYS COMPTROLLERS OFFICE
DIVISION OF LOCAL GOVERNMENT SERVICES AND
ECONOMIC DEVELOPMENT
110 STATE STREET, DATA MANAGEMENT UNIT 12TH FL
ALBANY, NEW YORK 12236

IF YOU HAVE ANY QUESTIONS RELATING TO THIS
REPORT, PLEASE CALL: (518) 408-2941

City of Amsterdam Industrial Development Agency
Schedule of Projects Undertaken during Fiscal Year
June 30, 2011

During the fiscal year July 1, 2010 to June 30, 2011, the Agency initiated:

Financial assistance in the form of a loan to a local business to purchase restaurant equipment.

City of Amsterdam Industrial Development Agency
Schedule of Real Property
June 30, 2011

A. The Agency, as of June 30, 2011, does not have any properties that it intends to dispose of having an estimated fair value in excess of \$15,000.

B. The Agency, as of June 30, 2011, has ownership in the following properties

| <u>Property Location</u> | <u>Estimated Fair Market Value As of June 30, 2011</u> |
|--------------------------------|--|
| 1. Locust & Park | \$2,000 |
| 2. 24 Voorhees St | 1,000 |
| 3. Off Morris | 100 |
| 4. 46-48 Lark St. | 1,000 |
| 5. Edson St. Ext | 10,000 |
| 6. Edson St. | 1,000 |
| 7. 362 E. Main St. | 1,000 |
| 8. 48 John St. | 1,000 |
| 9. 46 John St. | 1,000 |
| 10. 44 John St. | 1,500 |
| 11. Sam Stratton Dr. | 390,000 |
| 12. Sam Stratton Dr. | 390,000 |
| 13. Sam Stratton Dr. | 400,000 |
| 14. Park Dr | 10,000 |
| 15. 7 Dandreano Dr. | 225,000 |
| 16. Sam Stratton Dr. | 3,000 |
| 17. RR Second Ave. | 15,000 |
| 18. Fourth Ave | 10,000 |
| 19. Kellogg | 5,000 |
| 20. RR, Kellog-East | 6,000 |
| 21. Fredrick St. Rear | 100 |
| 22. Fredrick St. Rear | 100 |
| 23. Fredrick St. Rear | 300 |
| 24. Edson St. | 15,000 |
| 25. Edson St. | 25,000 |
| 26. 30-32 E. Main St. | 50,000 |
| 27. Power Station (Lower Mill) | 5,000 |
| 28. Edson St. | 1,000 |
| 29. 4 Willow St. | 190,000 |
| 30. E. Main St. Ext. | 2,000 |
| 31. 24-26 E. Main St. | 50,000 |
| 32. Sam Stratton Dr | 1,300,000 |

C. In addition, the Agency, during the fiscal year ended June, 2011, did not dispose of any properties that had an estimated fair value in excess of \$15,000.

Chapter 23
ETHICS

ARTICLE I
Code of Ethics

§ 23-6. Penalties for offenses.

§ 23-1. Legislative intent.

ARTICLE II
Board of Ethics

§ 23-2. Definitions.

§ 23-3. Standards of conduct.

§ 23-7. Board of Ethics established;
membership.

§ 23-4. Exemption for certain filings.

§ 23-8. Powers and duties.

§ 23-5. Distribution of Code of Ethics.

[HISTORY: Adopted by the Common Council of the City of Amsterdam; Art. I, 8-4-1970; Art. II, 8-4-1970. Amendments noted where applicable.]

ARTICLE I
Code of Ethics
[Adopted 8-4-1970]

§ 23-1. Legislative intent.

Pursuant to the provisions of § 806 of the General Municipal Law, the Common Council of the City of Amsterdam recognizes that there are rules of ethical conduct for public officers and employees which must be observed if a high degree of moral conduct is to be obtained and if public confidence is to be maintained in our unit of local government. It is the purpose of this article to promulgate these rules of ethical conduct for the officers and employees of the City of Amsterdam. These rules shall serve as a guide for official conduct of the officers and employees of the City of Amsterdam. The rules of ethical conduct of this article, as adopted, shall not conflict with, but shall be in addition to, any prohibition of Article 18 of the General Municipal Law or any other general or special law relating to ethical conduct and interest in contracts of municipal officers and employees.

§ 23-2. Definitions.

As used in this article, the following terms shall have the meanings indicated:

INTEREST¹ — A direct or indirect pecuniary or material benefit accruing to a municipal officer or employee as the result of a contract with the municipality which such officer or employee serves. For the purposes of this chapter, a municipal officer or employee shall be deemed to have an interest in the contract of.

¹ Editor's Note: Amended at time of adoption of Code (see Ch. 1, General Provisions, Art. I)

- A. His spouse, minor children and dependents, except a contract of employment with the municipality which such officer or employee serves.
- B. A firm, partnership or association of which such officer or employee is a member or employee.
- C. A corporation of which such officer or employee is an officer, director or employee.
- D. A corporation, any stock of which is owned or controlled directly or indirectly by such officer or employee.

MUNICIPAL OFFICER or EMPLOYEE — An officer or employee of the City of Amsterdam whether paid or unpaid, including members of any administrative board, commission or other agency thereof. No person shall be deemed to be a municipal officer or employee solely by reason of being a volunteer fireman or civil defense volunteer, except a Chief Engineer or Assistant Chief Engineer.

§ 23-3. Standards of conduct.

Every officer or employee of the City of Amsterdam shall be subject to and abide by the following standards of conduct:

- A. Gifts. He shall not, directly or indirectly, solicit any gift or accept or receive any gift having a value of \$75 or more, whether in form of money, services, loan, travel, entertainment, hospitality, thing or promise or any other form under circumstances in which it could reasonably be inferred that the gift was intended to influence him in the performance of his official duties or was included as a reward for any official action on his part.²
- B. Confidential information. He shall not disclose confidential information acquired by him in the course of his official duties or use such information to further his personal interest.
- C. Representation before one's own agency. He shall not receive or enter into any agreement, express or implied, for compensation for services to be rendered in relation to any matter before any municipal agency of which he is an officer, member or employee, or of any municipal agency over which he has jurisdiction or to which he has the power to appoint any member, officer or employee.
- D. Representation before any agency for a contingent fee. He shall not receive or enter into any agreement, express or implied, for compensation for services to be rendered in relation to any matter before any agency of his municipality, whereby his compensation is to be dependent or contingent upon any action by such agency with respect to such matter, provided that this subsection shall not prohibit the fixing at any time of fees based upon the reasonable value of the services rendered.
- E. Disclosure of interest in legislation. To the extent that he knows thereof, a member of the Common Council and any officer or employee of the City of Amsterdam, whether paid or unpaid, who participates in the discussion, or gives official opinion to the Common Council on any legislation before the Common Council, shall publicly disclose on the

² Editor's Note. Amended at time of adoption of Code (see Ch. 1, General Provisions, Art. 1)

official record the nature and extent of any direct or indirect financial or other private interest he has in such legislation.

- F. Investment in conflict with official duties. He shall not invest or hold an investment directly or indirectly in any financial, business, commercial or other private transaction which creates a conflict with his official duties.
- G. Private employment. He shall not engage in, solicit, negotiate for or promise to accept private employment or render services for private interests when such employment or service creates a conflict with or impairs the proper discharge of his official duties.
- H. Future employment. He shall not, after the termination of service or employment with such municipality, appear before any board or agency of the City of Amsterdam in relation to any case, proceeding or application in which he personally participated during the period of his service or employment or which was under his active consideration.

§ 23-4. Exemption for certain filings.

Nothing herein shall be deemed to bar or prevent the timely filing by a present or former municipal officer or employee of any claim, account, demand or suit against the City of Amsterdam, or any agency thereof on behalf of himself or any member of his family arising out of any personal injury or property damage or for any lawful benefit authorized or permitted by law.

§ 23-5. Distribution of Code of Ethics.³

The Mayor of the City of Amsterdam shall cause a copy of this Code of Ethics to be distributed to every officer and employee of the City of Amsterdam within 60 days after the effective date of this article. Each officer and employee elected or appointed thereafter shall be furnished a copy before entering upon the duties of his office or employment. Failure to distribute any such copy or failure of any officer or employee to receive such copy shall have no effect on the duty of compliance with such code, nor the enforcement provisions thereof.

§ 23-6. Penalties for offenses.

In addition to any penalty contained in any other provision of law, any person who shall knowingly and intentionally violate any of the provisions of this code may be fined, suspended or removed from office or employment as the case may be in the manner provided by law.

³ Editor's Note: Amended at time of adoption of Code (see Ch. 1, General Provisions, Art. 1)

ARTICLE II

Board of Ethics

[Adopted 8-4-1970]

§ 23-7. Board of Ethics established; membership.

There is hereby established a Board of Ethics consisting of five members to be appointed by the Mayor and who shall serve without compensation and at the pleasure of the Mayor. A majority of such members shall be persons other than officers or employees of the City of Amsterdam, New York, but shall include the Corporation Counsel of the City of Amsterdam and, whenever possible, one Common Council member of the minority party in office in the City of Amsterdam.

§ 23-8. Powers and duties.

The Board of Ethics shall have the powers and duties prescribed by Article 18 of the General Municipal Law and shall render advisory opinions to the officers and employees of the City of Amsterdam with respect to Article 18 of the General Municipal Law and any Code of Ethics adopted pursuant to such article, under such rules and regulations as the Board may prescribe. In addition, the Board may make recommendations with respect to any amendments to the Code of Ethics upon request of the Common Council

City of Amsterdam Industrial Development Agency
Assessment of Internal Control by Accountants
on Accounting and Financial Disclosure
June 30, 2011

Disclosure Controls and Procedures. Management, including the agency's Chairman and Chief Executive Officer, evaluated the effectiveness of the design and operation of the Agency's disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, the Chairman and Chief Executive Officer concluded that the disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports the agency's files and submissions under the Public Authorities Law is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Public Authorities Law and that information required to be disclosed by the agency's in the reports that it files or submits under the Public Authorities Law is accumulated and communicated to the agency's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting. Management is responsible for establishing and maintaining adequate internal control over financial reporting. Management assessed the effectiveness of the agency's internal control over financial reporting as of June 30, 2011 using criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and concluded that the agency maintained effective internal control over financial reporting as of June 30, 2011.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Our assessment of the effectiveness of our internal control over financial reporting as of June 30, 2011 has been audited by Leavenworth & Co., C.P.A.'S, P.L.L.C., an independent certified public accounting firm, as stated in their report which is included herein.

LEAVENWORTH & CO., C.P.A.'S, P.L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS
2600 STATE HIGHWAY 30A
FONDA, NEW YORK 12068

DANIEL LEAVENWORTH, C.P.A.
SHELLY VANNOSTRAND, C.P.A.

(518) 853-8622 - OFFICE
(518) 853-4466 - FAX

**INDEPENDENT AUDITORS' 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 Chairman and Board of
City of Amsterdam Industrial Development Agency

We have audited the financial statements of the City of Amsterdam Industrial Development Agency, New York, as of and for the year ended June 30, 2011, which collectively comprise the City of Amsterdam Industrial Development Agency's basic financial statements, and have issued our report thereon dated September 26, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Amsterdam 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 financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Amsterdam Industrial Development 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

G1

such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the finance committee and the Board and is not intended to be and should not be used by anyone other than these specified parties.

LEAVENWORTH & CO., CPA'S, P.L.L.C.

September 26, 2011
Fonda, New York