

ALBANY COUNTY INDUSTRIAL
DEVELOPMENT AGENCY,
A COMPONENT UNIT OF ALBANY COUNTY

FINANCIAL STATEMENTS

DECEMBER 31, 2009

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Management's Discussion And Analysis (MD&A)	3-4
Statements Of Net Assets	5
Statements Of Revenues, Expenses, And Changes In Net Assets	6
Statements Of Cash Flows	7
Notes To Financial Statements	8-11

REQUIRED SUPPLEMENTAL INFORMATION AND SUPPLEMENTARY INFORMATION (OTHER THAN MD&A)

	<u>Schedule Number</u>
Schedule Of Bond Indebtedness	I
Schedule Of Revenues, Expenses, And Changes In Net Assets - Budget (Non-GAAP Basis) And Actual	II
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>	

To The Board of Directors
Albany County Industrial Development Agency,
a Component Unit of Albany County
Albany, New York

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities and business-type activities of the Albany County Industrial Development Agency, a Component Unit of Albany County (the Agency), as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the Agency, as of December 31, 2009 and 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2010 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Albany County Industrial Development Agency,
a Component Unit of Albany County
Page Two

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 4 and Schedules I and II be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Albany, New York
March 23, 2010

Management's Discussion And Analysis (MD&A)

The management of the Albany County Industrial Development Agency, a Component Unit of Albany County (the Agency) offers readers of the Agency's financial statements, this narrative overview, and analysis of their financial activities for the year ended December 31, 2009. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Agency's financial statements, which follow this narrative.

Financial Highlights

- The Agency's net assets increased by \$20,026 (or 3%) to \$658,329, as compared to the previous year.
- Total operating expenses of the Agency were \$92,362 during the year ended December 31, 2009.

Overview of the Financial Statements

The Agency's basic financial statements consist of four components; 1) the MD&A, 2) fund financial statements, 3) notes to the financial statements, and 4) supplemental information. Because the Agency is a special-purpose government agency engaged in business-type activities only, the financial statements are presented in accordance with paragraph 138 of GASB Statement 34. In addition to the financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Agency. In addition to the management's discussion and analysis, management has prepared the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows, following the MD&A.

Overview of the Agency

The Agency's primary mission is to encourage economic growth and expansion through financial incentives, thus advancing job opportunities, health, general prosperity, and economic welfare of the people of Albany County and the State of New York. The Agency's operations are funded entirely through fees for services and rents received.

Fund Financial Statements

The financial statements are presented on the fund basis. The fund financial statements provide a more detailed look at the Agency's activities by focusing on the individual activities of its fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

Notes to the Financial Statements

The next section of the financial statements is the notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements are on pages 8 through 11 of this report. After the notes, the supplemental information is provided to show details about the Agency's bonds and budget analysis.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information required by the New York State Office of the State Comptroller.

The Agency's Net Assets

Figure 1

	<u>2009</u>
Current Assets	\$655,177
Fixed Assets	<u>3,152</u>
Total Assets	<u>\$658,329</u>
Net Assets	<u>\$658,329</u>
Total Net Assets	<u>\$658,329</u>

Net assets may serve over time as one useful indicator of a government's financial condition. The assets of the Agency exceeded liabilities by \$658,329 as of December 31, 2009. The Agency's net assets increased by \$20,026 for the year ended December 31, 2009. The largest portion of net assets (99%) reflects the Agency's cash accounts.

The Agency will continue to collect \$108,000 per year for the rental of the former First Prize building on Exchange Street in the Town of Colonie through 2014.

The Agency's Revenues and Expenditures

Figure 2

	<u>2009</u>
Non-Operating Revenues:	
Rental Income	\$108,000
Interest Income	<u>4,388</u>
Total Non-Operating Revenues	<u>112,388</u>
Operating Expenditures:	
Administration	54,543
Personal Services	<u>37,819</u>
Total Operating Expenditures	<u>92,362</u>
Net Income	<u>\$ 20,026</u>

ALBANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT UNIT OF ALBANY COUNTY

Statements Of Net Assets

December 31

	<u>2009</u>	<u>2008</u>
<u>Assets</u>		
Cash and cash equivalents - unrestricted	\$ 651,325	\$ 629,155
Prepaid expenses	3,852	4,361
Capital assets, net	<u>3,152</u>	<u>4,787</u>
Total Assets	<u>\$ 658,329</u>	<u>\$ 638,303</u>
<u>Liabilities And Net Assets</u>		
Net assets	<u>\$ 658,329</u>	<u>\$ 638,303</u>
Total Liabilities And Net Assets	<u>\$ 658,329</u>	<u>\$ 638,303</u>

The accompanying notes are an integral part of these financial statements

**ALBANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT UNIT OF ALBANY COUNTY**

Statements Of Revenues, Expenses, And Changes In Net Assets

For The Years Ended December 31

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Fees	\$ -	\$ 12,500
Total operating revenues	<u>-</u>	<u>12,500</u>
Operating expenditures:		
Administration	54,543	58,071
Personal services	<u>37,819</u>	<u>30,480</u>
Total operating expenditures	<u>92,362</u>	<u>88,551</u>
Operating loss	<u>(92,362)</u>	<u>(76,051)</u>
Non-operating revenues:		
Rental income (Note 3)	108,000	108,000
Interest income	<u>4,388</u>	<u>16,611</u>
Total non-operating revenues	<u>112,388</u>	<u>124,611</u>
Net income	20,026	48,560
Net assets - beginning	<u>638,303</u>	<u>589,743</u>
Net Assets - Ending	<u>\$ 658,329</u>	<u>\$ 638,303</u>

The accompanying notes are an integral part of these financial statements

**ALBANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT UNIT OF ALBANY COUNTY**

Statements Of Cash Flows

For The Years Ended December 31

	<u>2009</u>	<u>2008</u>
Cash Flows For Operating Activities:		
Receipts from fees	\$ -	\$ 12,500
Payments for administrative expenses	(52,399)	(57,167)
Payments for personal services	<u>(37,819)</u>	<u>(30,480)</u>
Net cash used by operating activities	<u>(90,218)</u>	<u>(75,147)</u>
 Cash Flows From Investing Activities:		
Receipts from rental income	108,000	108,000
Interest	<u>4,388</u>	<u>16,611</u>
Net cash provided by investing activities	<u>112,388</u>	<u>124,611</u>
 Net increase in cash and cash equivalents	 22,170	 49,464
 Cash and cash equivalents - beginning of year	 <u>629,155</u>	 <u>579,691</u>
 Cash And Cash Equivalents - End Of Year	 <u>\$ 651,325</u>	 <u>\$ 629,155</u>
 Reconciliation Of Operating Loss To Net Cash Used By Operating Activities:		
Operating loss	\$ (92,362)	\$ (76,051)
Changes in assets and liabilities:		
(Increase) decrease in prepaid expenses	509	(730)
Depreciation	<u>1,635</u>	<u>1,634</u>
 Net Cash Used By Operating Activities	 <u>\$ (90,218)</u>	 <u>\$ (75,147)</u>

The accompanying notes are an integral part of these financial statements

ALBANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT UNIT OF ALBANY COUNTY

Notes To Financial Statements

Note 1: Organization And Summary Of Significant Accounting Policies

Organization and purpose - The Albany County Industrial Development Agency, a Component Unit of Albany County (the Agency) was created under the provisions of the Laws of New York State for the purpose of encouraging economic growth in Albany County and limits its activity to projects in Albany County. The Agency is considered to be a component unit of Albany County since the Albany County Legislature appoints the Agency's Board of Directors.

Basis of presentation - The Agency utilizes the accrual basis of accounting wherein revenue is recognized when earned and expenses are recognized when incurred. The accompanying financial statements of the Agency have been prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the *Government Accounting Standards Board (GASB)*, which is the primary standard setting body for establishing governmental accounting and financial principles.

Capital assets - The Agency's property and equipment is stated at historical 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 costs and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in revenue.

Property and equipment consists of furniture and fixtures. Depreciation is provided on a straight-line basis. As of December 31, 2009 and 2008, accumulated depreciation is \$6,966 and \$5,331, respectively. The Agency capitalizes all expenditures for property and equipment in excess of \$1,000.

Industrial Development Revenue Bonds - The Agency may issue Industrial Development 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. As explained more fully in Note 2, there is no liability to the Agency; therefore, the obligations are not accounted for in the accounts of the Agency.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Income taxes - The Agency is exempt from federal, state, and local income taxes.

ALBANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT UNIT OF ALBANY COUNTY

Notes To Financial Statements

Note 1: Organization And Summary Of Significant Accounting Policies (Continued)

Cash and cash equivalents - The Agency's investment policies are governed by State statutes. The Agency's funds must 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. 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 and 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.

At December 31, 2009, the Agency's bank deposits, including cash and certificates of deposit, totaled \$653,516. The insured and collateral status of the year end bank balances are as follows:

Status of bank balances:

Collateralized with securities held by the pledging financial institution	\$153,516
Covered by federal deposit insurance	<u>500,000</u>
Total Bank Balances	<u>\$653,516</u>

Note 2: Industrial Development Revenue Bonds And Notes

The bonds and notes are not obligations of the Agency or the State. The Agency does not record the assets or liabilities resulting from completed bond and note issues in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond and note holders, and funds arising therefrom are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and notes.

ALBANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT UNIT OF ALBANY COUNTY

Notes To Financial Statements

Note 3: Net Investment In Direct Financing-Type Lease

The Agency is the lessor of certain real estate known as the Tobin Packing Plant. The lessee had an option to purchase the real estate in 2000 but rescinded the option. Although it has another option to purchase the real estate in 2014, the Agency believes the lessee will not exercise the buyout option and, accordingly, is treating the lease as an operating lease for the remainder of the term. Rental income received for the years ended December 31, 2009 and 2008 was \$108,000 each year.

Minimum future rental to be received under the terms of the lease as of December 31, 2009, for each of the next five years and in the aggregate are as follows:

2010	\$108,000
2011	108,000
2012	108,000
2013	108,000
2014	<u>108,000</u>
Total	<u>\$540,000</u>

Note 4: Employee Benefit Plans

The Agency participates in the New York State Employees' Retirement System (NYSERS). This System is a cost sharing multiple employer, public employee retirement system. The System offers a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability. All benefits generally vest after ten years of service.

The New York State Retirement and Social Security Law provides that all participants in the System are jointly and severally liable for any actuarial unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the System. The System is non-contributory, except for employees who joined the System after July 27, 1975, who must contribute 3% of their salary.

ALBANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT UNIT OF ALBANY COUNTY

Notes To Financial Statements

Note 4: Employee Benefit Plans (Continued)

The Agency's contributions made to the System were equal to 100% of the contributions required for each year.

The retirement contributions in the current and two preceding years were:

2009	\$ 966
2008	\$1,098
2007	\$1,153

Historical trend information, which provides information about the progress made in accumulating sufficient assets to pay benefits when due, is presented in the Annual Report of NYSERS.

Note 5: Subsequent Events

In February 2010, the Agency was assessed a 2009-2010 administrative service fee of \$6,481 payable to the New York State Division of the Treasury no later than March 31, 2010. In March of 2010, several New York State Senators introduced Bill 6962 repealing the tax imposed on Industrial Development Agencies. The bill would retroactively repeal the provision and protect any IDA from the burden of payment. The sponsoring Senators have argued that the tax imposed by the Division of the Budget and by the Department of Taxation and Finance on IDA's has many flaws including the calculation of the tax, the timing and payment of the tax, and the failure to notify all IDAs by statute of the assessment by November 1, 2009. At December 31, 2009, the Agency has not recorded a liability for this proposed tax.

**REQUIRED SUPPLEMENTAL INFORMATION
AND
SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)**

**ALBANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT UNIT OF ALBANY COUNTY**

Schedule Of Bond Indebtedness

For The Year Ended December 31, 2009

Name of Project	Principal Amount of Issue	Issue Date	Outstanding Beginning of Fiscal Year	Issues During Fiscal Year	Paid During Fiscal Year	Outstanding End of Fiscal Year
Wildwood Programs, Inc. Series 2006K-1	\$ 3,550,000	6/1/2006	\$ 3,490,000	\$ -	\$ -	\$ 3,365,000
First Unitarian Universalist Society of Albany, Series 2006A	1,200,000	6/27/2006	1,114,648	-	30,180	1,084,468
Memorial Hospital Series 2006A	5,000,000	6/29/2006	4,326,301	-	498,444	3,827,857
Memorial Hospital Series 2006B	4,000,000	6/29/2006	3,452,735	-	399,129	3,053,606
Albany Academy and Albany Academy for Girls Series 2007A	6,000,000	6/29/2007	5,961,905	-	96,191	5,865,714
Albany Academy and Albany Academy for Girls Series 2007B	308,000	6/29/2007	298,095	-	4,809	293,286
Siena College Series 2003A	3,750,000	11/21/2003	2,286,799	-	415,591	1,871,208
Excelsior College Series 2003A	1,300,000	9/19/2003	849,146	-	40,176	808,970
LaSalle School Series 2002A	3,500,000	12/5/2002	2,935,753	-	132,553	2,803,200
New York School Board Association, Inc. Series 2001A	5,150,000	8/16/2001	3,197,364	-	345,245	2,852,119
New York School Board Association, Inc. Series 2001B	2,050,000	8/16/2001	1,111,777	-	143,860	967,917
Academy of the Holy Names of New York Series 2001A	2,200,000	5/31/2001	1,359,400	-	105,947	1,253,453
University State of NY Series 1994A	3,250,000	7/26/1994	1,293,399	-	206,141	1,087,258
Total	\$ 41,250,000		\$ 31,677,322	\$ -	\$ 2,543,266	\$ 29,134,056

See paragraph on supplementary schedules in auditors' report

ALBANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT UNIT OF ALBANY COUNTY

Schedule II

Required Supplementary Information
Schedule Of Revenues, Expenses, And Changes In Net Assets - Budget
(Non-GAAP Basis) And Actual

For The Year Ended December 31, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Fees	\$ 20,000	\$ -	\$ (20,000)
Rental income	108,000	108,000	-
Interest income	20,000	4,388	(15,612)
Total revenues	148,000	112,388	(35,612)
Expenditures:			
Personal services	31,600	37,819	6,219
Taxes	32,700	41,457	8,757
Legal fees	-	370	370
Audit fee	4,500	5,300	800
Office expense	6,000	1,309	(4,691)
Meetings and seminars	2,000	2,564	564
Insurance	1,850	1,805	(45)
Depreciation	-	1,635	1,635
Bank charges	150	103	(47)
Total expenditures	78,800	92,362	13,562
Net change in net assets	69,200	20,026	<u>\$ (49,174)</u>
Net assets - beginning	638,303	638,303	
Net Assets - Ending	<u>\$ 707,503</u>	<u>\$ 658,329</u>	

See paragraph on supplementary schedules in auditors' report