

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

FINANCIAL STATEMENTS

DECEMBER 31, 2010

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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, 2010 and 2009, 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, 2010 and 2009, 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 29, 2011, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

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 5 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 for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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 29, 2011

Ted Becker & Charamonte CPAs P.C.

Management's Discussion And Analysis

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, 2010. 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 \$98,031 (or 15%) to \$756,360, as compared to the previous year.
- Total operating expenses of the Agency were \$92,785 during the year ended December 31, 2010.

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 Change in Net Assets, and the Statements 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 the 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 9 through 12 of this report. After the notes, the supplemental information is provided to show details about the Agency's bonds and budget analysis.

Budgetary Highlights

The budgeted fee revenues were \$74,125 greater than the original budget. This increase was due to the Agency closing on the Columbia Harriman 455, LLC Project in the principal amount of \$9,050,000. This resulted in the Agency recognizing \$71,625 of fee revenue in the current year.

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>2010</u>
Current assets	\$800,225
Fixed assets	<u>1,518</u>
Total Assets	<u>\$801,743</u>
Current liabilities	<u>\$ 45,383</u>
Total liabilities	45,383
Net assets	<u>756,360</u>
Total Liabilities And Net Assets	<u>\$801,743</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 \$756,360 as of December 31, 2010. The Agency's net assets increased by \$98,031 for the year ended December 31, 2010. The largest portion of net assets (99%) reflects the Agency's cash accounts.

The Agency continues 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 Expenses

Figure 2

Operating Revenues:	
Administrative Fees	<u>\$ 79,125</u>
Non-Operating Revenues:	
Rental Income	108,000
Interest Income	<u>3,691</u>
Total Non-Operating Revenues	<u>111,691</u>
Total Revenues	<u>190,816</u>
Operating Expenses:	
Administration	50,464
Personal Services	<u>42,321</u>
Total Operating Expenses	<u>92,785</u>
Net Income	<u>\$ 98,031</u>

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

Statements Of Net Assets

December 31

	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 792,914	\$ 651,325
Prepaid expenses	<u>7,311</u>	<u>3,852</u>
 Total current assets	 800,225	 655,177
 Capital assets, net	 <u>1,518</u>	 <u>3,152</u>
 Total Assets	 <u><u>\$ 801,743</u></u>	 <u><u>\$ 658,329</u></u>
 <u>Liabilities And Net Assets</u>		
Current liabilities:		
Other current liabilities (Note 2)	<u>\$ 45,383</u>	<u>\$ -</u>
 Total liabilities	 45,383	 -
 Net assets	 <u>756,360</u>	 <u>658,329</u>
 Total Liabilities And Net Assets	 <u><u>\$ 801,743</u></u>	 <u><u>\$ 658,329</u></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>2010</u>	<u>2009</u>
Operating revenues:		
Fees	\$ 79,125	\$ -
Total operating revenues	<u>79,125</u>	<u>-</u>
Operating expenses:		
Administration	50,464	54,543
Personal services	<u>42,321</u>	<u>37,819</u>
Total operating expenses	<u>92,785</u>	<u>92,362</u>
Operating loss	<u>(13,660)</u>	<u>(92,362)</u>
Other revenues:		
Rental income (Note 3)	108,000	108,000
Interest income	<u>3,691</u>	<u>4,388</u>
Total other revenues	<u>111,691</u>	<u>112,388</u>
Net income	98,031	20,026
Net assets - beginning	<u>658,329</u>	<u>638,303</u>
Net Assets - Ending	<u>\$ 756,360</u>	<u>\$ 658,329</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>2010</u>	<u>2009</u>
Cash Flows For Operating Activities:		
Receipts from fees	\$ 79,125	\$ -
Payments for administrative expenses	(52,289)	(52,399)
Payments for personal services	<u>(42,321)</u>	<u>(37,819)</u>
Net cash used by operating activities	<u>(15,485)</u>	<u>(90,218)</u>
Cash Flows From Capital And Related Financing Activities:		
Receipt of fees payable to other government	<u>45,383</u>	-
Net cash provided by capital and related financing activities	<u>45,383</u>	-
Cash Flows From Investing Activities:		
Receipts from rental income	108,000	108,000
Interest	<u>3,691</u>	<u>4,388</u>
Net cash provided by investing activities	<u>111,691</u>	<u>112,388</u>
Net increase in cash and cash equivalents	141,589	22,170
Cash and cash equivalents - beginning of year	<u>651,325</u>	<u>629,155</u>
Cash And Cash Equivalents - End Of Year	<u>\$ 792,914</u>	<u>\$ 651,325</u>
Reconciliation Of Operating Loss To Net Cash Used By Operating Activities:		
Operating loss	\$ (13,660)	\$ (92,362)
Changes in assets and liabilities:		
(Increase) decrease in prepaid expenses	(3,459)	509
Depreciation	<u>1,634</u>	<u>1,635</u>
Net Cash Used By Operating Activities	<u>\$ (15,485)</u>	<u>\$ (90,218)</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 accounting principles generally accepted in the United States of America (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.

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, 2010, the carrying amount of the Agency's deposits, including cash and certificates of deposit, is \$792,914. 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	\$293,529
Covered by federal deposit insurance	<u>500,000</u>
Total Bank Balances	<u>\$793,529</u>

**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)

Statement of cash flows and cash equivalents - The Agency follows accounting principles generally accepted in the United States of America, which requires the reporting of cash flows under the direct method of cash flow reporting. For purposes of the statements of cash flows, the Agency considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents in accordance with accounting principles generally accepted in the United States of America.

Capital assets - The Agency's property and equipment are 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, 2010 and 2009, accumulated depreciation is \$8,600 and \$6,966, 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.

Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the Agency. Exchange transactions are those in which each party receives and gives up essentially equal value. Non-operating revenues, such as investment earnings, result from non-exchange transactions.

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

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.

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

Notes To Financial Statements

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. The Agency may collect amounts at closing that are due to the State. These amounts are subsequently remitted to the State by the Agency.

At December 31, 2010, the original value of bonds issued aggregated \$50,300,000 and the outstanding balance was \$34,684,927.

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, 2010 and 2009 was \$108,000 each year.

Minimum future rental to be received under the terms of the lease as of December 31, 2010, for each of the next four years and in the aggregate are as follows:

2011	\$108,000
2012	108,000
2013	108,000
2014	<u>108,000</u>
Total	<u>\$432,000</u>

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

Notes To Financial Statements

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.

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:

2010	\$1,626
2009	\$ 966
2008	\$1,098

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.

**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, 2010

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
Columbia Harriman 455, LLC, Series 2010A	\$ 9,050,000	12/31/2010	\$ -	\$ 9,050,000	\$ -	\$ 9,050,000
Albany Academy and Albany Academy for Girls, Series 2007A	6,000,000	6/29/2007	5,865,714	-	112,381	5,753,333
Albany Academy and Albany Academy for Girls, Series 2007B	300,000	6/29/2007	293,286	-	5,619	287,667
Memorial Hospital, Series 2006A	5,000,000	6/29/2006	3,827,857	-	520,930	3,306,927
Memorial Hospital, Series 2006B	4,000,000	6/29/2006	3,053,606	-	417,134	2,636,472
First Unitarian Universalist Society of Albany, Series 2006A	1,200,000	6/27/2006	1,084,468	-	28,580	1,055,888
Wildwood Programs, Inc., Series 2006K-1	3,550,000	6/1/2006	3,365,000	-	130,000	3,235,000
Siena College, Series 2003A	3,750,000	11/21/2003	1,871,208	-	434,220	1,436,988
Excelsior College, Series 2003A	1,300,000	9/19/2003	808,970	-	42,177	766,793
LaSalle School, Series 2002A	3,500,000	12/5/2002	2,803,200	-	150,886	2,652,314
New York School Board Association, Inc., Series 2001A	5,150,000	8/16/2001	2,852,119	-	363,456	2,488,663
New York School Board Association, Inc., Series 2001B	2,050,000	8/16/2001	967,917	-	967,917	-
Academy of the Holy Names of New York, Series 2001A	2,200,000	5/31/2001	1,253,453	-	111,332	1,142,121
University State of NY, Series 1994A	3,250,000	7/26/1994	1,087,258	-	214,497	872,761
Total	\$ 50,300,000		\$ 29,134,056	\$ 9,050,000	\$ 3,499,129	\$ 34,684,927

See paragraph on supplementary schedules in auditors' report

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

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

For The Year Ended December 31, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Fees	\$ 5,000	\$ 79,125	\$ 74,125
Rental income	108,000	108,000	-
Interest income	<u>10,600</u>	<u>3,691</u>	<u>(6,909)</u>
 Total revenues	 <u>123,600</u>	 <u>190,816</u>	 <u>67,216</u>
 Expenditures:			
Taxes	41,500	39,637	(1,863)
Personal services	40,188	42,321	2,133
Office expense	6,000	1,937	(4,063)
Audit fee	5,300	5,300	-
Meetings and seminars	2,000	-	(2,000)
Insurance	1,835	1,841	6
Bank charges	120	115	(5)
Depreciation	<u>-</u>	<u>1,634</u>	<u>1,634</u>
 Total expenditures	 <u>96,943</u>	 <u>92,785</u>	 <u>(4,158)</u>
 Net change in net assets	 26,657	 98,031	 <u>\$ 71,374</u>
 Net assets - beginning	 <u>658,329</u>	 <u>658,329</u>	
 Net Assets - Ending	 <u>\$ 684,986</u>	 <u>\$ 756,360</u>	

See paragraph on supplementary schedules in auditors' report

**Report On Internal Control Over Financial
Reporting And On Compliance And Other Matters
Based On An Audit Of Financial Statements Performed
In Accordance With *Government Auditing Standards***

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

We have audited the financial statements of the governmental activities and the business-type activities of the Albany County Industrial Development Agency, a Component Unit of Albany County (the Agency) as of and for the year ended December 31, 2010, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated March 29, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Agency in a separate letter dated March 29, 2011.

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

Tal Becker & Charamonte CPAs P.C.

Albany, New York
March 29, 2011