

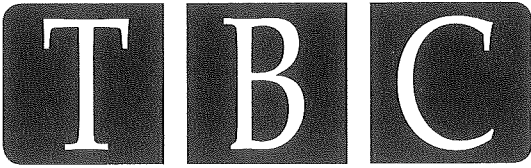
*CITY OF ALBANY INDUSTRIAL  
DEVELOPMENT AGENCY,  
A COMPONENT UNIT OF THE  
CITY OF ALBANY*

*FINANCIAL STATEMENTS*

*DECEMBER 31, 2011*

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The Chairman and Board of Directors  
City of Albany Industrial Development Agency,  
a Component Unit of the City of Albany  
Albany, New York

### Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities and the business-type activities of the City of Albany Industrial Development Agency, a Component Unit of the City of Albany (the Agency), as of and for the years ended December 31, 2011 and 2010, 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, 2011 and 2010, 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 28, 2012, 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 7 and Schedule I 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 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.

*Ted Beecher & Charamonte LLPs P.C.*

Albany, New York  
March 28, 2012

# City of Albany Industrial Development Agency, a Component Unit of the City of Albany

## Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) of the City of Albany Industrial Development Agency's (CAIDA) activities and financial performance is offered as an introduction and overview of the financial statements of CAIDA for the fiscal years ended December 31, 2011 and 2010. Following this MD&A are the basic financial statements of CAIDA together with the notes thereto which are essential to a full understanding of the data contained in the financial statements. In addition to the notes, this section also presents certain supplementary information to assist with the understanding of CAIDA's financial operations.

### OPERATION SUMMARY

The City of Albany Industrial Development Agency's mission is to encourage investment and job creation/retention within the City of Albany. The agency offers business financial incentives in the form of tax-exempt and taxable bonds to cover the cost of construction, rehabilitation, and equipping for a wide range of civic, commercial, and industrial projects. The IDA participates in a project by taking title to or a leasehold interest in the real property and/or equipment of the project using the proceeds of bonds sold by CAIDA. By separate agreement, the private firm leases the facilities from the IDA. Lease payments are usually equal to the debt service bond obligations. The IDA provides no credit enhancement and issues bonds on a non-recourse basis. Projects undertaken by the Agency are exempt from sales tax on supplies and materials during the construction phase of the project as well as mortgage recording taxes. Real property tax abatement may also be available in accordance with CAIDA's tax-exempt policy. Based on the size of the project, beneficiaries can take advantage of the five-year declining exemption under Section 485-B of the New York State Real Property Tax Law. Projects meeting certain job creation/retention and other criteria may also be eligible for the Urban Reinvestment Tax Incentive Program (URTIP). This enhanced property tax abatement is modeled after the Section 485-E of the New York State Real Property Tax Law. There will be a seven year 100% abatement of the increase in assessed value resulting from the project. The abatement will be reduced by 25% in each of the next four (4) years until taxes are paid on 100% of the assessed value of the property.

The seven-member Board meets on a monthly basis or as necessary to consider projects and actions that advance this mission as well as CAIDA's financial position. Through a management services agreement, the Capitalize Albany Corporation (CAC), an independent, not-for-profit economic development corporation provides staffing and administrative support to CAIDA. Staff meets with prospective developers to discuss the specifics of a particular project or development and makes recommendations about appropriate economic development programs as well as other planning, zoning, or project related issues. If CAIDA is an appropriate route, the applicant will complete and submit an application that outlines certain information and data. The application form is reviewed by staff and counsel to determine project qualification and address other due diligence issues. The CAIDA Board members then review the application form to consider the number of jobs to be created or retained, the "public benefits" related to the proposed project, and other economic impacts and benefits on the local economy. As part of the review process, the CAIDA members also consider potential costs to the local community of the project, including the loss of potential tax revenue. Each project is also required to provide an inducement resolution that specifically states how the project meets the statutory definitions of eligibility. The Agency convenes a public hearing for all projects requesting financial incentives greater than \$100,000. The CAIDA Board of Directors then questions the project sponsors, evaluates their answers, and reviews the inducement resolution findings in making its decision to grant final approval for IDA benefits.

**City of Albany Industrial Development Agency,  
a Component Unit of the City of Albany**

**Management's Discussion and Analysis**

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**FINANCIAL OPERATIONS HIGHLIGHTS**

The chart below provides a condensed summary of revenues and expenses for the years ended December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Total revenues, gains, and other support	\$633,955	\$239,726
Total expenses	<u>228,961</u>	<u>422,167</u>
<b>Excess Of Revenues Over Expenses/(Expenses Over Revenues)</b>	<u>\$404,994</u>	<u>\$(182,441)</u>

The CAIDA experienced increased project closing activity in 2011 as compared to 2010. This has resulted in an increase of nearly \$395,000 in agency fee revenue when compared to 2010. CAIDA has continued to meet its contractual obligations supporting various economic and community development commitments during 2011.

Agency revenues are predominantly derived from a .75% administrative fee on projects that close within a given year. As a result, revenues will fluctuate from year to year based on the level of project activity. Projects that closed in 2011 and paid an administrative fee to the Agency were as follows:

**Morris Street Development, LLC**

This residential housing project consists of the total rehabilitation of an abandoned building into a 9 unit residential housing apartment building. Located at 70 Morris Street in the Park South section of the City of Albany the project investment is approximately \$850,000.

**FC DCI, LLC**

This project consists of the construction of a new single story medical office building of approximately 13,000 square feet on Washington Avenue Extension. Total project cost is approximately \$2.5 million and this project is estimated to create 15 new jobs.

**39 Sheridan Realty, LLC**

This \$6,250,000 project consists of the purchase, renovation, and conversion of a vacant industrial building located on Sheridan Avenue into an approximately 50,000 square foot loft-style apartment building consisting of 43 units. An estimated 50 construction jobs will be created by this project.

**Columbia 425 NS, LLC**

This approximately \$4 million project consists of the acquisition and renovation of 413 & 415 New Scotland Avenue into a senior care and medical facility of 16,500 square feet managed by the Care for LIFE Foundation. The project is estimated to create 36 new jobs.

**City of Albany Industrial Development Agency,  
a Component Unit of the City of Albany**

**Management's Discussion and Analysis**

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**SRS Albany, LLC**

SRS Albany, LLC is undertaking an approximately \$22 million project consisting of the acquisition of approximately 7.95 acres of land on and around Central Avenue; demolition of the existing facility; construction of an approximately 23,644 square foot facility and 65,000 square foot supermarket facility. The project will create or retain an estimated 375 permanent jobs and 200 construction jobs.

**Albany Hotel, Inc**

A \$23.5 million project located at 89 State Street that will create or retain an estimated 275 permanent jobs and 45 construction jobs. The project will involve the acquisition of the property from New York State and undertake interior renovations in anticipation of attracting a major hotel franchise.

**Swan Street Lofts, LP**

Located at 56 Second Street, this project will acquire and convert the former St. Joseph's School into 22 affordable residential units and over 14,000 square feet of community facility space located on the first and second floors. The total project cost is approximately \$9.7 million and will be partially financed with approximately \$5.4 million in tax-exempt bonds issued by the CAIDA. An estimated 55 construction jobs will be created.

A condensed summary of CAIDA's net assets at December 31, 2011 and 2010 is shown below:

	<u>2011</u>	<u>2010</u>
<b><u>Assets</u></b>		
Cash and Cash Equivalents	\$655,512	\$250,836
Mortgage Notes Receivable	<u>131,970</u>	<u>131,970</u>
<b>TOTAL ASSETS</b>	<b><u>\$787,482</u></b>	<b><u>\$382,806</u></b>
<b><u>Liabilities and Net Assets</u></b>		
Accounts Payable	\$109,102	\$109,420
Mortgage Notes Payable	<u>131,970</u>	<u>131,970</u>
Total Liabilities	241,072	241,390
Net Assets	<u>546,410</u>	<u>141,416</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$787,482</u></b>	<b><u>\$382,806</u></b>

# City of Albany Industrial Development Agency, a Component Unit of the City of Albany

## Management's Discussion and Analysis

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### FUTURE OPERATIONS

As of March 31, 2012, the following projects have been approved by the CAIDA Board and are expected to close in 2012:

#### Sixty State Place, LLC

Rehabilitation of a four story, 21,000 square foot commercial building at 60 State Street into a mixed-use structure with market rate apartments and restaurant space on the first floor. Total project cost is estimated to be \$6.5 million. An estimated 85 permanent jobs will be created or retained and an estimated 40 construction jobs will be created.

#### Penta on Broadway, LLC

Acquisition and conversion of approximately 18,000 square feet of vacant commercial space at 522-524 Broadway into 14 residential rental units and approximately 3,000 square feet commercial space. Total project cost is estimated to be approximately \$1.5 million.

#### 4-6 Sheridan, LLC

Rehabilitation of a five-story, 21,000 square foot commercial building at 4-6 Sheridan Avenue into a mixed-use structure housing 13 market rate apartments and 3,000 square feet of restaurant space. The project will create or retain an estimated 50 permanent jobs and create an estimated 40 construction jobs.

#### Columbia Harriman 455, LLC

This project consists of the acquisition of land at 455 Patroon Creek Boulevard and construction of an approximately 63,000 square foot office building on the site. This approximately \$12 million project will create or retain an estimated 250 permanent jobs and create an estimated 200 construction jobs.

### FINANCIAL STATEMENTS

CAIDA's financial statements are prepared on an accrual basis in accordance with accounting principles generally accepted in the United States of America promulgated by the *Government Accounting Standards Board (GASB)*. CAIDA is a public benefit corporation created by State legislation and is a component unit of the City of Albany. CAIDA follows enterprise fund accounting; accordingly, the financial statements are presented using the economic resources management focus. These financial statements are presented in a manner similar to a private business.



**City of Albany Industrial Development Agency,  
a Component Unit of the City of Albany**

**Management's Discussion and Analysis**

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**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of CAIDA's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to:

City of Albany Industrial Development Agency  
Attention: Chief Financial Officer & Assistant Treasurer  
21 Lodge Street  
Albany, New York 12207

**CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY,  
A COMPONENT UNIT OF THE CITY OF ALBANY**

Balance Sheets

December 31

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 655,512	\$ 250,836
<b>Mortgage notes receivable (Note 2)</b>	<u>131,970</u>	<u>131,970</u>
 <b>Total Assets</b>	 <u>\$ 787,482</u>	 <u>\$ 382,806</u>
<u>Liabilities And Net Assets</u>		
<b>Current liabilities:</b>		
Accounts payable (Note 3)	\$ 109,102	\$ 109,420
Total current liabilities	<u>109,102</u>	<u>109,420</u>
<b>Mortgage notes payable (Note 4)</b>	<u>131,970</u>	<u>131,970</u>
Total liabilities	241,072	241,390
<b>Net assets</b>	<u>546,410</u>	<u>141,416</u>
 <b>Total Liabilities And Net Assets</b>	 <u>\$ 787,482</u>	 <u>\$ 382,806</u>

The accompanying notes are an integral part of these financial statements

**CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY,  
A COMPONENT UNIT OF THE CITY OF ALBANY**

Statements Of Revenues, Expenses, And Changes In Net Assets

For The Years Ended December 31

	<u>2011</u>	<u>2010</u>
<b>Operating revenues:</b>		
Fees	\$ 633,492	\$ 239,045
Total operating revenues	<u>633,492</u>	<u>239,045</u>
<b>Operating expenses:</b>		
Grant expenses	126,085	344,955
Contractual expenses	<u>102,876</u>	<u>77,212</u>
Total operating expenses	<u>228,961</u>	<u>422,167</u>
<b>Operating income (loss)</b>	<u>404,531</u>	<u>(183,122)</u>
<b>Other revenues:</b>		
Interest income	<u>463</u>	<u>681</u>
Total other revenues	<u>463</u>	<u>681</u>
<b>Net income (loss)</b>	404,994	(182,441)
<b>Net assets - beginning</b>	<u>141,416</u>	<u>323,857</u>
<b>Net Assets - Ending</b>	<u>\$ 546,410</u>	<u>\$ 141,416</u>

The accompanying notes are an integral part of these financial statements

**CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY,  
A COMPONENT UNIT OF THE CITY OF ALBANY**

Statements Of Cash Flows

For The Years Ended December 31

	<u>2011</u>	<u>2010</u>
<b>Cash Flows From (For) Operating Activities:</b>		
Receipts from fees	\$ 633,492	\$ 249,170
Receipts from mortgage notes receivable	-	11,185
Payments for grants	(110,155)	(340,247)
Payments for contractual expenses	(119,124)	(130,590)
Net cash provided by (used by) operating activities	<u>404,213</u>	<u>(210,482)</u>
 <b>Cash Flows From Investing Activities:</b>		
Interest	<u>463</u>	<u>681</u>
Net cash provided by investing activities	<u>463</u>	<u>681</u>
 <b>Net increase (decrease) in cash and cash equivalents</b>	 404,676	 (209,801)
 <b>Balances - beginning of year</b>	 <u>250,836</u>	 <u>460,637</u>
 <b>Balances - End Of Year</b>	 <u>\$ 655,512</u>	 <u>\$ 250,836</u>
 <b>Reconciliation Of Operating Income (Loss) To Net Cash Provided By (Used By) Operating Activities:</b>		
Operating income (loss)	\$ 404,531	\$ (183,122)
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:		
Changes in assets and liabilities:		
Accounts receivable	-	10,125
Mortgage notes receivable	-	11,185
Accounts payable	<u>(318)</u>	<u>(48,670)</u>
 <b>Net Cash Provided By (Used By) Operating Activities</b>	 <u>\$ 404,213</u>	 <u>\$ (210,482)</u>

The accompanying notes are an integral part of these financial statements

**CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY,  
A COMPONENT UNIT OF THE CITY OF ALBANY**

Notes To Financial Statements

**Note 1: Organization And Summary Of Significant Accounting Policies**

***Organization***

The City of Albany Industrial Development Agency (the Agency), a public benefit corporation created by State legislation, is a component unit of the City of Albany, New York, and commenced operations on May 13, 1974. The Agency's purpose is to promote the advancement of job opportunities, health, general prosperity, and economic welfare of the people of the State of New York, to attract commerce and industry, and to retain areas adaptable for commercial and/or industrial purposes. Additionally, the Agency's purpose is to promote, develop, encourage, and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping, and furnishing of industrial, manufacturing, warehousing, commercial, and research facilities. The Agency also has the power to acquire, construct, reconstruct, lease, sell, improve, maintain, equip, or furnish certain properties and facilities. The members of the Agency are appointed by the City of Albany's Common Council. Agency members have complete responsibility for management of the Agency and accountability for fiscal matters.

***Summary of significant accounting policies***

**(a) 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.

**(b) 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 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.

**CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY,  
A COMPONENT UNIT OF THE CITY OF ALBANY**

Notes To Financial Statements

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

At December 31, 2011, the carrying amount of the Agency's deposits, including cash and a money market account, is \$655,512. The insured and collateral status of the year end bank balances are as follows:

**Status of bank balances:**

Collateralized with securities held by a third party for the benefit of the Agency pursuant to a third party custodian agreement	\$405,662
Covered by federal deposit insurance	<u>250,000</u>

**Total Bank Balances** \$655,662

**(c) 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. The Agency elected to report cash flows under the direct method. 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.

**(d) Mortgage notes receivable**

Substantially all of the mortgage notes receivable are considered collectible. Accordingly, no allowance for doubtful accounts is required. If it is probable accounts are uncollectible, they are charged to operations and an allowance is established when that determination is made.

**(e) Property and equipment**

The Agency capitalizes all expenditures for property and equipment in excess of \$1,000. There were no additions of property and equipment during the year.

**(f) 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 5, there is no liability to the Agency; therefore, the obligations are not accounted for in the accounts of the Agency.

**CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY,  
A COMPONENT UNIT OF THE CITY OF ALBANY**

Notes To Financial Statements

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

**(g) Income taxes**

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

**(h) 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. The application of these accounting principles involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. The Agency periodically evaluates estimates and assumptions used in the preparation of the financial statements and makes changes on a prospective basis when adjustments are necessary.

**(i) Presentation**

Certain reclassifications, when applicable, are made to the prior year financial statement presentation to correspond to the current year's format. Reclassifications, when made, have no effect on net assets or net income (loss).

**Note 2: Mortgage Notes Receivable**

The Agency's mortgage notes receivable comprise loans which are recorded at cost. Repayment terms and interest vary with each borrower.

**Note 3: Accounts Payable**

The Agency's accounts payable for the year ended December 31, 2010 included charges from New York State representing the Agency's share of central governmental cost recovery. The authorization to levy this charge was based on the current Public Authorities Law. The charge was based upon operating revenue generated in 2010, and resulted in an expense accrual of \$19,465 for the year ended December 31, 2010.

On March 9, 2011, the New York State Senate repealed the cost recovery charge originally assessed against the Agency. The expense of \$19,465 accrued at December 31, 2010 was reversed in 2011. An amount for the Agency's share of central governmental cost recovery included in December 31, 2009 accounts payable of \$117,843 was reversed in 2010.

**CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY,  
A COMPONENT UNIT OF THE CITY OF ALBANY**

Notes To Financial Statements

**Note 4: Mortgage Payable**

The Agency has entered into a loan agreement with the City of Albany. The proceeds are loaned, in turn, to the eligible mortgagor. Loan repayment maturities vary by loan and are collateralized by mortgage notes receivable.

At December 31, 2011 and 2010, long-term debt was \$131,970 and matures on December 23, 2022.

**Note 5: Industrial Development Revenue Bond Transactions**

Industrial Development Revenue Bonds issued by the Agency are secured by property which is leased to private companies. The debt is retired by the lease payments. The bonds are not obligations of the Agency or New York State, and the Agency does not record related activity in its accounts. The Agency acts merely as a financing conduit. For providing this service, the Agency receives an administrative fee. Such administrative fee income is recognized immediately upon issuance of bonds. Industrial Development Revenue Bonds outstanding as of December 31, 2011 total \$641,310,422.

**Note 6: Commitments**

The Agency has an agreement with the Albany Parking Authority to pay 25% of the generally offered parking rate to provide up to 50 parking spaces associated with the Hampton Plaza. The generally offered parking rate at December 31, 2011 and 2010 is \$140 per space per month. The agreement is effective through August 31, 2018.

Minimum future parking payments under the noncancelable lease agreement having initial terms in excess of one year as of December 31, 2011 are as follows:

2012	\$ 21,000
2013	21,000
2014	21,000
2015	21,000
2016	21,000
Thereafter	<u>35,000</u>
<b>Total</b>	<b><u>\$140,000</u></b>

Included in contractual expenses for 2011 and 2010 were expenses totaling \$21,000 for each year.



**CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY,  
A COMPONENT UNIT OF THE CITY OF ALBANY**

Notes To Financial Statements

**Note 6: Commitments (Continued)**

The Agency had an agreement with the New Covenant Charter School to lease a portion of the New Covenant Charter School building as a community center. The Agency paid the Community Center's share of all operating and maintenance expenses, fees, and charges. The annual costs of this lease were approximately \$76,486 and \$44,955 for the years ended December 31, 2011 and 2010, respectively. The original agreement was effective through November 30, 2009. In June 2010, the New Covenant Charter School closed and ownership rights have reverted back to the bondholders. The Agency's obligation under the lease continues despite the closing of the charter school. The Agency will continue to be required to pay a portion of all operating and maintenance expenses, fees, and charges until the charter school building is purchased. The Agency's obligation for the year ended December 31, 2011 includes usage charges that were incurred from August 9, 2010 through January 5, 2012.

**REQUIRED SUPPLEMENTARY INFORMATION**

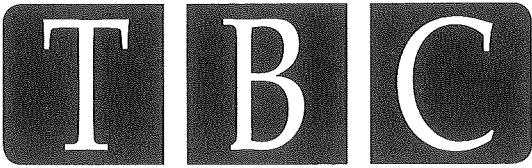
**CITY OF ALBANY INDUSTRIAL DEVELOPMENT AGENCY,  
A COMPONENT UNIT OF THE CITY OF ALBANY**

Required Supplementary Information  
Schedule Of Revenues And Expenses - Budget  
(Non-GAAP Basis) And Actual

For The Year Ended December 31, 2011

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Agency fees	\$ 305,868	\$ 633,492	\$ 327,624
Interest income	<u>500</u>	<u>463</u>	<u>(37)</u>
 Total revenues	 <u>306,368</u>	 <u>633,955</u>	 <u>327,587</u>
 <b>Expenses:</b>			
ED Support	115,000	49,599	65,401
Sub-Lease AHCC	100,000	76,486	23,514
Management contracts	40,999	73,969	(32,970)
APA Contract	23,100	21,000	2,100
Agency counsel	17,219	18,000	(781)
Audits/accounting	6,600	6,600	-
Other miscellaneous	2,250	1,762	488
Insurance	1,200	1,010	190
Governmental cost recovery	<u>-</u>	<u>(19,465)</u>	<u>19,465</u>
 Total expenses	 <u>306,368</u>	 <u>228,961</u>	 <u>77,407</u>
 <b>Excess Of Revenue Over Expenses</b>	 <u><u>\$ -</u></u>	 <u><u>\$ 404,994</u></u>	 <u><u>\$ 404,994</u></u>

See paragraph on supplementary schedules in independent 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***

The Chairman and Board of Directors  
City of Albany Industrial Development Agency,  
a Component Unit of the City of Albany

We have audited the financial statements of the governmental activities and the business-type activities of the City of Albany Industrial Development Agency, a Component Unit of the City of Albany (the Agency), as of and for the year ended December 31, 2011, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated March 28, 2012. 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 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 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 Beebe & Charamita CPAs P.C.*

Albany, New York  
March 28, 2012