

***CITY OF COHOES INDUSTRIAL  
DEVELOPMENT AGENCY***

***REGULATORY BASIS  
FINANCIAL STATEMENTS***

***DECEMBER 31, 2011***

*CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY*

*FINANCIAL STATEMENTS*

*DECEMBER 31, 2011*

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NEW YORK STATE SOCIETY OF  
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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
City of Cohoes Industrial  
Development Agency

We have audited the accompanying regulatory basis financial statements of the City of Cohoes Industrial Development Agency, a component unit of City of Cohoes as of and for the year ended December 31, 2011, as listed in the table of contents. These financial statements are the responsibility of the City of Cohoes Industrial Development 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 auditing standards generally accepted in the United States of America and *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.

As described in Note 1, the Agency prepared these financial statements using accounting principles prescribed by the New York State Office of the State Comptroller to demonstrate compliance with the State's regulatory basis of accounting, which practices differ from accounting principles generally accepted in the United States of America. The difference between the regulatory basis of accounting and accounting principles generally accepted in the United States of America are described in Note 1.

In our opinion, because of the effect of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Cohoes Industrial Development Agency, as of December 31, 2011, and the changes in its financial position for the year then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the City of Cohoes Industrial Development Agency as of December 31, 2011, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles prescribed by the New York State Office of the State Comptroller.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2012, on our consideration of the City of Cohoes 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting and 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.

This report is intended solely for the information and use of the Board of Directors and 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.

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**CUSACK & COMPANY, CPA'S LLC**

Latham, New York  
February 6, 2012

*CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY*

*BALANCE SHEET*

*DECEMBER 31, 2011*

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**ASSETS**

Assets

Cash	\$ 509,430
Administrative Fee Receivable	<u>60,000</u>

Total Assets	<u>\$ 569,430</u>
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Liabilities

Due to City of Cohoes	<u>\$ 60,000</u>
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Unrestricted Fund Balance	<u>509,430</u>
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Total Liabilities and Fund Balance	<u>\$ 569,430</u>
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**CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY**  
*STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCE*  
*FOR THE YEAR ENDED DECEMBER 31, 2011*

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Revenue:	
Administrative Fees	\$ 166,500
Interest	640
Total Revenues	<u>167,140</u>
Expenses:	
Grants Made	55,000
Professional Fees	13,790
Other Expenses	683
Total Expenses	<u>69,473</u>
Excess of Revenue Over Expenses	97,667
Unrestricted Fund Balance at Beginning of Year	<u>411,763</u>
Unrestricted Fund Balance at End of Year	<u><u>\$ 509,430</u></u>

**CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2011

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Operating activities:	
Excess of revenues over expenses	\$ 97,667
Decrease in due to Riverspark	<u>(64,669)</u>
Net increase in cash	32,998
Cash at beginning of year	<u>476,432</u>
Cash at end of year	<u><u>\$ 509,430</u></u>

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

*Business Activity*

The City of Cohoes Industrial Development Agency (the “Agency”) was created in 1972 by the State of New York under the provisions of Chapter 313 of the 1972 Laws of New York State for the purpose of encouraging economic growth in the City of Cohoes (the “City”). The Agency is a component unit of the City. The City appoints the Agency’s governing board and accounts for the Agency’s transactions.

*Basis of Accounting*

The financial statements of the City of Cohoes Industrial Development Agency have been prepared in conformity with accounting principles prescribed by the New York State Office of the State Comptroller for complying with General Municipal Law, Section 859 in which every Industrial Development Agency is required to make an annual financial report. The most significant difference between this regulatory basis of accounting and generally accepted accounting principles (“GAAP”) is the Government Accounting Standards Board (“GASB”) Statement 34 “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments” need not be implemented to meet the requirements of General Municipal Law. GASB 34 requires significant changes including:

- Government-Wide Reporting
- Focus on Major Funds
- Changes in Budgetary Reporting
- Full Accrual Accounting Including Depreciation
- Management’s Discussion and Analysis
- Capitalization of Infrastructure Assets

Management has considered the costs and benefits of adopting GASB 34 and determined that auditing the financial statements utilizing another comprehensive basis of accounting as opposed to GAAP makes fiscal sense for the Agency.

The modified accrual basis of accounting is followed by the Agency. Under the modified accrual basis of accounting, revenues are recorded when they are susceptible to accrual, *i.e.*, both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenses are recorded when the liability is incurred.

*Income Taxes*

The Agency operates as an independent entity and is exempt from Federal, State and local income taxes.

*Subsequent Events*

Management has evaluated subsequent events or transactions through February 6, 2012, the date the financial statements were available to be issued. No such events or transactions were identified.



**CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY**

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011

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**2. INDUSTRIAL REVENUE BOND AND NOTE TRANSACTIONS**

Certain industrial development revenue bonds and notes issued by the Agency are secured by property which is leased to companies and is retired by lease payments. The bonds and notes are not obligations of the Agency or the City. 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.

**3. CASH**

The Agency's investment policies are governed by State statutes. Agency monies 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 and its localities.

Of the total bank balance of \$509,430 at December 31, 2011, 100% was covered by FDIC Insurance.

**4. ADMINISTRATIVE FEE RECEIVABLE AND DUE TO THE CITY OF COHOES**

To finalize a transaction, the Agency agreed to accept \$100,000 from a project to be utilized for a bike/hike trail. The fee was due in June 2011. When the developer failed to pay the fee, an agreement was reached requiring \$20,000 after each closing. It is anticipated that the remaining \$60,000 due at December 31, 2011 will be repaid in 2012.

As the actual project was completed in 2011 and the Agency had not collected the entire fee as detailed above, the City of Cohoes paid for the costs of trail and therefore will be reimbursed by the Agency upon receipt of the funds from the Developer.

**5. DUE TO RIVERSPARK**

To finalize a transaction, the Agency agreed to accept \$100,000 from a project to be utilized by Riverspark for improvements. \$35,331 was expended for improvements in 2010 and \$64,669 was expended for improvements in 2011.

**6. GRANTS MADE**

The Agency made the following grants in 2011:

City of Cohoes - Heartt Avenue Park Improvements	\$ 35,000
Cohoes Local Development Corporation - Marketing "Choose Cohoes"	<u>20,000</u>
	<u>\$ 55,000</u>

**SUPPLEMENTAL INFORMATION**

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**INDEPENDENT AUDITOR'S 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  
City of Cohoes Industrial  
Development Agency

We have audited the regulatory basis financial statements of the City of Cohoes Industrial Development Agency, a component unit of City of Cohoes, as of and for the year ended December 31, 2011, and have issued our report thereon dated February 6, 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 City of Cohoes Industrial Development Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Cohoes Industrial Development's Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Cohoes Industrial Development 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 entity'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 would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weaknesses, as defined above.

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City of Cohoes 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 statements 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 Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

**CUSACK & COMPANY, CPA'S LLC**

Latham, New York  
February 6, 2012

*CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY*  
*SCHEDULE OF FINDINGS*  
*DECEMBER 31, 2011*

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None noted

**CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY**  
*SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS*  
*DECEMBER 31, 2011*

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None noted