

**CITY OF GLENS FALLS INDUSTRIAL DEVELOPMENT AGENCY  
FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION  
DECEMBER 31, 2011**

# CITY OF GLENS FALLS INDUSTRIAL DEVELOPMENT AGENCY

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**Marvin** and  
company, p.c.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

Kevin J. McCoy

Thomas W. Donovan

Frank S. Venezia

James E. Amell

Carol A. Hausamann

Benjamin R. Lasher

Daniel J. Litz

Karl F. Newton

Kevin P. O'Leary

Timothy A. Reynolds

To The Board of Commissioners  
City of Glens Falls Industrial Development Agency  
Glens Falls, New York

We have audited the accompanying financial statements of the City of Glens Falls Industrial Development Agency, a component unit of the City of Glens Falls, New York, 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 Glens Falls 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 U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the City of Glens Falls Industrial Development Agency and do not purport to, and do not, present fairly the financial position of the City of Glens Falls, as of December 31, 2011, and the changes in its financial position, or where applicable, its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Glens Falls Industrial Development Agency, as of December 31, 2011, and the changes in financial position and cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

11 British American Blvd.

Latham, NY 12110

Ph: 518-785-0134

Fx: 518-785-0299

Email:

[webmaster@marvincpa.com](mailto:webmaster@marvincpa.com)

Web:

<http://www.marvincpa.com>



In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2012 on our consideration of the City of Glens Falls Industrial Development Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or 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 audit.

U.S. generally accepted accounting principles require that management's discussion and analysis on pages 3 through 4 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 U.S. generally accepted accounting principles, 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.

*Marvin and Company, P.C.*

February 10, 2012

**CITY OF GLENS FALLS  
INDUSTRIAL DEVELOPMENT AGENCY**

42 Ridge Street  
Glens Falls, New York 12801

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the City of Glens Falls Industrial Development Agency's financial performance provide an overview of the Agency's financial activities for the fiscal year ended December 31, 2011. Please read it in conjunction with the Agency's financial statements.

**HIGHLIGHTS**

**Financial and Agency Highlights:**

- Current assets (Cash and Cash Equivalents) and Net Assets decreased \$62,809 from a December 31, 2010 amount of \$247,999 to a December 31, 2011 amount of \$185,190 mostly due to a decrease in cash received from providing services and an increase in payments for contractual and other operating expenses.
- Charges for services increased by \$25,000 from a December 31, 2010 amount of \$500 to a December 31, 2011 amount of \$30,000, mostly due to agency fee income for services performed.

**USING THIS ANNUAL REPORT**

This annual report consists of three parts: management's discussion and analysis, financial statements and, required supplementary information. The financial statements also include notes that explain in more detail some of the information in the financial statements.

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Agency's special purpose financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Special Purpose Financial Statements.** The special purpose financial statements are designed to provide readers with a broad overview of the Agency's finances.

The Balance Sheet presents information on all of the Agency's assets and net assets. Over time, increases or decreases in Net Assets may serve as a useful indication of whether the financial position of the Agency is improving or deteriorating.

The Statement of Income presents information showing how the Agency's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

**Notes to Financial Statements.** The Notes provide additional information that is essential to a full understanding of the data provided in the special purpose financial statements.

**FINANCIAL ANALYSIS**

Net Assets may serve over time as a useful indicator of a government agency's financial position.

The following table presents a summary of the Agency's derivation of net assets for the fiscal years ended December 31, 2011 and 2010.

	<u>2011</u>	<u>2010</u>
Total Operating Revenues	\$ 31,400	\$ 4,478
Total Operating Expenses	(94,569)	(105,146)
Non-Operating Income	<u>360</u>	<u>1,360</u>
Increase (Decrease) in Net Assets	(62,809)	(99,308)
Net Assets at Beginning of Year	<u>247,999</u>	<u>347,307</u>
Net Assets at End of Year	<u>\$ 185,190</u>	<u>\$ 247,999</u>

The Agency had no liabilities as of December 31, 2011.

#### **CASH AND INVESTMENT POLICY**

The Agency finds it necessary to place funds in various deposit accounts or certificates of deposit. Article 18A, Section 858(14) of the State General Municipal Law authorizes the Agency to designate depositories. In accordance with this article, one bank is designated as a depository for the Agency's funds. Rates are competitively procured for deposits.

#### **CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the agency at 518-761-3833.

**CITY OF GLENS FALLS  
INDUSTRIAL DEVELOPMENT AGENCY  
BALANCE SHEET  
DECEMBER 31, 2011**

**ASSETS**

<b>Current Assets</b>	
Cash and cash equivalents	\$ 185,190
	<hr/>
Total Current Assets	185,190
	<hr/>
<b>TOTAL ASSETS</b>	<b>\$ 185,190</b>
	<hr/> <hr/>

**LIABILITIES AND NET ASSETS**

<b>Net Assets</b>	
Unrestricted	\$ 185,190
	<hr/>
Total Net Assets	185,190
	<hr/>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 185,190</b>
	<hr/> <hr/>

**CITY OF GLENS FALLS  
INDUSTRIAL DEVELOPMENT AGENCY  
STATEMENT OF INCOME  
YEAR ENDED DECEMBER 31, 2011**

<b>Operating Revenues</b>	
Reimbursements and refunds	\$ 1,400
Charges for services	<u>30,000</u>
Total Operating Revenues	<u>31,400</u>
<b>Operating Expenses</b>	
Contractual expenses	88,521
Miscellaneous expense	<u>6,048</u>
Total Operating Expenses	<u>94,569</u>
<b>Operating Income (Loss)</b>	<u>(63,169)</u>
<b>Non-Operating Revenues (Expenses)</b>	
Interest income	<u>360</u>
Total Non-Operating Revenues (Expenses)	<u>360</u>
<b>Increase in Net Assets</b>	(62,809)
Net Assets at Beginning of Year	<u>247,999</u>
<b>Net Assets at End of Year</b>	<u><u>\$ 185,190</u></u>

See accompanying notes to financial statements.



**CITY OF GLENS FALLS  
INDUSTRIAL DEVELOPMENT AGENCY  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2011**

<b>Cash Flows From Operating Activities</b>	
Cash received from providing services	\$ 30,000
Cash received from reimbursements and refunds	1,400
Cash payments for contractual expenses	(88,521)
Other operating expenses	<u>(6,048)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(63,169)</u>
<b>Cash Flows from Investing Activities</b>	
Interest income	<u>360</u>
Net Cash Provided (Used) by Investing Activities	<u>360</u>
<b>Net Increase in Cash and Cash Equivalents</b>	(62,809)
Cash and Cash Equivalents at Beginning of Year	<u>247,999</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u><u>\$ 185,190</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities</b>	
Operating income	<u>\$ (63,169)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (63,169)</u></u>

See accompanying notes to financial statements.

**CITY OF GLENS FALLS INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The summary of significant accounting policies of the City of Glens Falls Industrial Development Agency (the Agency) is presented to assist in understanding the Agency's financial statements. The financial statements and notes are representations of the Agency's management. These accounting policies conform to U.S. generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Organization and Purpose

The Agency was created in 1976 by the Common Council of the City of Glens Falls, New York to operate independently for the purpose of encouraging economic growth within the City of Glens Falls. The Agency is a Component Unit of the City of Glens Falls. The purposes of the Agency are to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing industrial, manufacturing, warehousing and commercial facilities and thereby advance the job opportunities, health, general prosperity and economic welfare of the City of Glens Falls, New York and the residents thereof; and to improve their recreational opportunities, prosperity and standards of living.

The Agency accomplishes its purposes through arranging for issuance of taxable and tax-exempt Industrial Development Revenue Bonds, granting of sales and mortgage tax exemptions and the arranging and administration of payment-in-lieu-of-taxes agreements, to prospective businesses upon an application and approval process.

Basis of Presentation - Enterprise Fund

The Agency records its transactions in this proprietary-type fund, which is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Basis of Accounting

The financial statements of the agency are prepared using the accrual basis of accounting.

Revenue Recognition

The Agency receives an administration fee calculated as a percentage of the amount of bonds issued or cost of the project in the case of a straight lease transaction, in addition to reimbursements for any legal costs incurred by the Agency. Such administrative fee income is recognized immediately upon the closing of the project.

The Agency has the ability to enter into straight lease agreements with companies. These agreements allow companies sales and property tax exemptions. For providing this service, the Agency receives an administrative fee from the companies.

**CITY OF GLENS FALLS INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Income Taxes

The Agency, although established by the Common Council of the City of Glens Falls, operates as an independent entity and is exempt from income taxes under Section 501(c)(4) of the internal revenue code. Under Accounting Standards Codification (ASC) Section 740, the tax status of tax-exempt entities is an uncertain tax position, since events could potentially occur that jeopardize their tax-exempt status. Management of the City of Glens Falls Industrial Development Agency is not aware of any events that could jeopardize their tax exempt status. Therefore, no liability or provision for income tax has been reflected in the financial statements. Management believes that years prior to 2008 are no longer subject to IRS examination.

Bad Debts

The Agency uses the direct write-off method for recording amounts deemed uncollectible. Generally accepted accounting principles require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

Cash Flows

The Agency considers all checking, savings and certificates of deposit accounts with a maturity of three months or less to be cash equivalents for purposes of the statement of cash flows.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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 those estimates.

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

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 State of New York. 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.

**CITY OF GLENS FALLS INDUSTRIAL DEVELOPMENT AGENCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2011**

**3. CASH AND INVESTMENTS**

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 treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities. At December 31, 2011, the Agency had no investments.

Collateral is required for demand and time deposits and certificates of deposit not covered by the Federal Deposit Insurance Corporation. Obligations that may be pledged as collateral include obligations guaranteed by the government of the United States or by the State of New York and obligations issued by a municipal corporation or school district of such State.

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. While the Agency does not have a specific policy for custodial credit risk, New York State statutes govern the Agency's investment policies, as described above. At December 31, 2011, the Agency's cash and cash equivalent balances were under the FDIC's limit.

The Agency does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk. The Agency does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign current risk.

**4. RELATED PARTY TRANSACTIONS**

The Agency is related to the Greater Glens Falls Local Development Corporation in that they have an interlocking board of directors and they are both component units of the City of Glens Falls. During the year ended December 31, 2011 the Agency provided funding to the Greater Glens Falls Local Development Corporation in the amount of \$34,000.

**5. SUBSEQUENT EVENTS**

Management has evaluated all events subsequent to the balance sheet date of December 31, 2011 through February 10, 2012, which is the date these financial statements were available to be issued, and have determined that there are no subsequent events that require recording or disclosure.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
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Board of Commissioners  
City of Glens Falls Industrial Development Agency  
Glens Falls, New York

We have audited the financial statements of the City of Glens Falls Industrial Development Agency, Glens Falls, New York, as of and for the year ended December 31, 2011, and have issued our report thereon dated February 10, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

11 British American Blvd.

Latham, NY 12110

Ph: 518-785-0134

Fx: 518-785-0299

Management of City of Glens Falls Industrial Development Agency is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City of Glens Falls 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 Glens Falls Industrial Development Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Glens Falls Industrial Development Agency's internal control over financial reporting.

Email:

webmaster@marvincpa.com

Web:

http://www.marvincpa.com

*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 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 City of Glens Falls Industrial Development Agency's financial statements are free of material statement, 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 management, the Board of Commissioners and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

*Marvin and Company, P.C.*

February 10, 2012