

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

FINANCIAL STATEMENTS

DECEMBER 31, 2009

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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, 2009 and 2008, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2010, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

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a Component Unit of the City of Albany  
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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 6 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.

Albany, New York  
April 15, 2010

*Teal Becker & Charamonte CPAs P.C.*

# 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, 2009 and 2008. 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 to consider projects and actions that advance this mission as well as CAIDA's financial position. The Albany Local Development Corporation (ALDC) provides staff and administrative support to CAIDA. As a not-for-profit economic development corporation, the ALDC will meet with prospective developers to discuss the specifics of a particular project or development. ALDC staff then 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 CAIDA staff and counsel in determining project qualification and 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, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Total revenues, gains, and other support	\$ 429,432	\$2,063,579
Total expenses	<u>679,213</u>	<u>1,959,092</u>
<b>Excess Of Revenues Over Expenses/(Expenses Over Revenues)</b>	<b><u>\$(249,781)</u></b>	<b><u>\$ 104,487</u></b>

The CAIDA has been unable to provide financial assistance to Civic Facilities projects since January 31, 2008. Authorization to restore CAIDA's ability has remained mired in a legislative deadlock at the State level. The subsequent event footnote describes a solution that is expected to allow Civic Facility projects to move forward in the City of Albany.

Overall softness in the economy and the inaction of the State Legislature with respect to Civic Facilities authorization has resulted in reduced project activity for 2009. The CAIDA has continued to meet its contractual obligations supporting various economic and community development commitments during 2009.

Contributing to the net loss for 2009 was the receipt of a charge from New York State representing the CAIDA's share of central governmental cost recovery. The authorization to levy this charge is codified in Public Authorities Law Section 2975. The charge was based upon gross revenue generated in 2008 and resulted in an expense accrual in 2009 of \$97,544. As this charge is expected to reoccur annually, the 2009 audited financial statements also include an accrual for the charge related to gross revenue generated in 2009. That estimate is approximately \$20,300.

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 2009 and paid an administrative fee to the agency were as follows:

**16 NS, LLC**

This \$14,489,235 straight lease project facilitated the acquisition of 20 parcels of land in the Park South Area (16 New Scotland Avenue) consisting of approximately one acre to construct a three-story administrative office and retail building of approximately 54,000 square feet with parking area and related amenities. The building will contain medical and commercial tenants. This project estimates creating 102 new jobs and has created approximately 200 construction jobs.

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

**Management's Discussion and Analysis**

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**NS Parking Garage Facility**

CAIDA issued \$25 million of bonds to finance the construction of a parking facility with a minimum capacity of 1,250 vehicles. Albany Medical Center will operate the facility and it will serve the public on a first come, first served basis with prevailing hourly/daily rates. An estimated nine permanent full-time jobs will be created by this project along with approximately 200 construction jobs. Additional bonds related to the project will be issued in 2010.

**Madison Properties of Albany, LLC**

This \$1,350,000 straight lease project facilitated the purchase of three historic buildings on Madison Avenue and the conversion of these vacant and deteriorating buildings into a 20,000 square foot, 20 unit apartment complex. This project represents a stabilizing effort in this historic neighborhood with the rehabilitation of these buildings.

**Empire Commons**

Softness in the credit markets resulted in the necessary restructuring of \$54,550,000 in bonds issued in 2001 for the benefit of the University at Albany Student Housing Corporation. The Agency reviewed factors specific to the transaction and charged an administrative fee of .125%.

A condensed summary of CAIDA's net assets at December 31, 2009 and 2008 is shown below:

	<u>2009</u>	<u>2008</u>
<b><u>Assets</u></b>		
Cash and Cash Equivalents	\$460,637	\$1,132,783
Mortgage Notes Receivable	143,155	143,155
Accounts Receivable	<u>10,125</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b><u>\$613,917</u></b>	<b><u>\$1,275,938</u></b>
<b><u>Liabilities and Net Assets</u></b>		
Grants and Accounts Payable	\$158,090	\$ 570,330
City of Albany, Mortgage Payable	<u>131,970</u>	<u>131,970</u>
Total Liabilities	290,060	702,300
Net Assets	<u>323,857</u>	<u>573,638</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$613,917</u></b>	<b><u>\$1,275,938</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, 2010, the following projects have been presented to the CAIDA Board:

**39 Sheridan Realty, LLC**

This \$5,422,000 straight lease project will consist of the purchase and renovation of an 81,490 sq. ft. vacant industrial building located on Sheridan Avenue into a 50,957 sq. ft. commercial office building. This project will retain and create 110 and 60 jobs, respectively, in the City of Albany.

**Columbia 50 NS, LLC**

This project located at 50 New Scotland Avenue will consist of the acquisition of interest in a parcel of land approximately .186 acres and the construction of a nine-story, 67,500 sq. ft. building consisting of retail, medical office, and/or commercial uses. 176 new/retained jobs will be supported by this project along with approximately 200 construction positions.

**FINANCIAL STATEMENTS**

CAIDA's financial statements are prepared on an accrual basis in accordance with U.S. generally accepted accounting principles 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.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of CAIDA's finances for all those interested. 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>2009</u>	<u>2008</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 460,637	\$ 1,132,783
Accounts receivable	10,125	-
Mortgage notes receivable, net (Note 2)	<u>143,155</u>	<u>143,155</u>
<b>Total Assets</b>	<u>\$ 613,917</u>	<u>\$ 1,275,938</u>
 <u>Liabilities And Net Assets</u>		
Accounts payable	\$ 158,090	\$ 70,330
Grants payable	-	500,000
Mortgages payable long-term (Note 3)	<u>131,970</u>	<u>131,970</u>
Total liabilities	290,060	702,300
Net assets	<u>323,857</u>	<u>573,638</u>
<b>Total Liabilities And Net Assets</b>	<u>\$ 613,917</u>	<u>\$ 1,275,938</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>2009</u>	<u>2008</u>
<b>Operating revenues:</b>		
Fees	\$ 426,690	\$ 2,013,507
Total operating revenues	<u>426,690</u>	<u>2,013,507</u>
<b>Operating expenses:</b>		
Grant expenses	388,209	1,813,282
Contractual expenses	<u>291,004</u>	<u>145,810</u>
Total operating expenses	<u>679,213</u>	<u>1,959,092</u>
<b>Operating income (loss)</b>	<u>(252,523)</u>	<u>54,415</u>
<b>Other revenues:</b>		
Interest income	<u>2,742</u>	<u>50,072</u>
Total other revenues	<u>2,742</u>	<u>50,072</u>
<b>Net income (loss)</b>	(249,781)	104,487
<b>Net assets - beginning</b>	<u>573,638</u>	<u>469,151</u>
<b>Net Assets - Ending</b>	<u>\$ 323,857</u>	<u>\$ 573,638</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>2009</u>	<u>2008</u>
<b>Cash Flows From (For) Operating Activities:</b>		
Receipts from fees	\$ 416,565	\$ 2,013,507
Payments for contractual expenses	(173,161)	(145,810)
Payments for grants	<u>(918,292)</u>	<u>(1,298,711)</u>
Net cash provided by (used by) operating activities	<u>(674,888)</u>	<u>568,986</u>
<b>Cash Flows From Investing Activities:</b>		
Interest	<u>2,742</u>	<u>50,072</u>
Net cash provided by investing activities	<u>2,742</u>	<u>50,072</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(672,146)	619,058
<b>Balances - beginning of year</b>	<u>1,132,783</u>	<u>513,725</u>
<b>Balances - End Of Year</b>	<u>\$ 460,637</u>	<u>\$ 1,132,783</u>
<b>Reconciliation Of Operating Income (Loss) To Net Cash Provided By (Used By) Operating Activities:</b>		
Operating income (loss)	\$ (252,523)	\$ 54,415
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:		
Changes in assets and liabilities:		
Accounts receivable	(10,125)	-
Accounts payable	87,760	14,571
Grants payable	<u>(500,000)</u>	<u>500,000</u>
<b>Net Cash Provided By (Used By) Operating Activities</b>	<u>\$ (674,888)</u>	<u>\$ 568,986</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 generally accepted accounting principles (GAAP) for governments as prescribed by the *Government Accounting Standards Board (GASB)*, which is the primary standard setting body for establishing governmental accounting and financial principles.

**(b) Income taxes**

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

**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)**

**(c) 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.

**(d) 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.

At December 31, 2009, the carrying amount of the Agency's deposits, including cash and a money market account, is \$460,637. 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	\$210,741
Covered by federal deposit insurance	<u>250,000</u>
<b>Total Bank Balances</b>	<b><u>\$460,741</u></b>

**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)**

**(e) Statement of cash flows and cash equivalents**

The Agency follows *Governmental Accounting Standards* (GASB) Statement No. 34, 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 GASB Statement No. 9.

**(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.

**(g) Accounts Receivable**

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible amounts has been provided since it is believed that such allowance would not be material.

**(h) 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.

**(i) 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.

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

Notes To Financial Statements

**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: 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, 2009 and 2008, long-term debt was \$131,970 and matures on December 23, 2022.

**Note 4: 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, 2009 total \$705,614,253.

**Note 5: 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, 2009 and 2008 is \$130 per space per month. The agreement is effective through August 31, 2018.

The Agency has 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 shall pay the Community Center's share of all operating and maintenance expenses, fees, and charges. The annual costs of this lease were approximately \$88,209 and \$93,616 for the years ended December 31, 2009 and 2008, respectively. This agreement is effective through November 30, 2009.

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

Notes To Financial Statements

**Note 6: Change In Presentation**

Certain items in the December 31, 2008 financial statements have been changed to conform with the December 31, 2009 financial statement presentation. These changes had no effect on net income (loss) or net assets.

**Note 7: Subsequent Events**

**Formation of the City of Albany Capital Resource Corporation**

On March 15, 2010, the City of Albany Common Council authorized the creation of the City of Albany Capital Resource Corporation (CRC). This not-for-profit local development corporation was created at the request of CAIDA and will comprise the same Board and administrative structure.

**Cost Recovery of Central Governmental Services Charge**

In February 2010, the CAIDA received a charge from New York State representing the CAIDA's share of central governmental cost recovery. The authorization to levy this charge is codified in Public Authorities Law Section 2975. The charge was based upon gross revenue generated in 2008 and 2009, and resulted in an expense accrual in 2009 of \$117,843.

At this time, it is management's intention to apply to the New York State Division of the Budget for a waiver of the current charge. While management feels a compelling case may be made for this waiver, it is impossible to predict the results of this effort.



**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, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Agency fees	\$ 832,500	\$ 426,690	\$ (405,810)
Interest income	<u>25,000</u>	<u>2,742</u>	<u>(22,258)</u>
 Total revenues	 <u>857,500</u>	 <u>429,432</u>	 <u>(428,068)</u>
 <b>Expenses:</b>			
ED Support	300,000	300,000	-
Loan repayment	130,000	-	130,000
Sub-Lease AHCC	105,000	88,209	16,791
Management contracts	100,000	100,000	-
Agency counsel	42,000	42,000	-
APA Contract	21,000	21,000	-
Audits/accounting	5,800	6,600	(800)
Other miscellaneous	2,500	2,551	(51)
Insurance	1,200	1,010	190
Governmental service charge	<u>-</u>	<u>117,843</u>	<u>(117,843)</u>
 Total expenses	 <u>707,500</u>	 <u>679,213</u>	 <u>28,287</u>
 <b>Excess Of Expenses Over Revenues</b>	 <u>\$ 150,000</u>	 <u>\$ (249,781)</u>	 <u>\$ (399,781)</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***

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, 2009, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated April 15, 2010. 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 April 15, 2010.

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.

*Teal Beecher & Charamonte CPAs P.C.*

Albany, New York  
April 15, 2010