



**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
21 Lodge Street
Albany, New York 12207

Independent Auditors' Report

We have audited, 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, 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, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated March 22, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Albany, New York
March 22, 2016

City of Albany
Industrial Development Agency

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Darius Shahinfar, Treasurer
C. Anthony Owens
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Dominick Calsolaro
Robert Schofield

Sarah Reginelli, Chief Executive Director
Mark Opalka, Interim Chief Financial Officer
John Reilly, Agency Counsel

Management Assessment of Internal Controls
Year Ending December 31, 2015

Completed on March 4, 2016

Mission & Purpose of the City of Albany Industrial Development Agency

The City of Albany Industrial Development Agency's (CAIDA) mission is to assist in the enhancement and diversity of the economy of the City of Albany by acting in support of projects within the City that create and/or retain jobs and/or promote private sector investment utilizing the statutory powers of the Agency as set forth under the provisions of the laws of the State of New York.

The City of Albany established CAIDA to support various types of projects that advance the job opportunities, health, general prosperity and/or the economic welfare of the people of the City of Albany and authorized by the provisions of the laws of New York State to, among other things: acquire, own, lease and dispose of property as well as provide certain financial assistance to qualifying projects.

Operations Unit Functions

The primary functions of the Operations Unit are: intake and review of project applications, financial analysis and underwriting, monitor project and contract compliance, administer annual reporting, coordinate board and committee meetings and implementation of the Agency's operating procedures and Policy Manual.

Operations Unit Internal Controls

Annual Board adoption and review of Agency Policy Manual:	Executed in 2015	✓	Control Adequate	✓
Annual Board review and acceptance of NYS PAAA Policies:	Executed in 2015	✓	Control Adequate	✓
Annual Board review and acceptance of PARIS reports:	Executed in 2015	✓	Control Adequate	✓
Annual Board adoption and review of Processing of IDA Projects Policy:	Executed in 2015	✓	Control Adequate	✓
Annual Board adoption and review of Open Meetings and Conduct and Notification of Public Hearings Policies:	Executed in 2015	✓	Control Adequate	✓

Annual Board adoption and review of Project Monitoring and Enforcement and Agency Administrative & Other Fees policies: Executed in 2015 ✓ Control Adequate ✓

Maintenance of website in accordance with the Agency's Access to Agency Records Policy: Executed in 2015 ✓ Control Adequate ✓

Agency board has annually reviewed the Agency mission and Policy Manual to ensure the IDA's primary operations and functions will help fulfill its mission: Executed in 2015 ✓ Control Adequate ✓

IDA staff is trained to understand the IDA objectives, functions, policies, procedures and guidelines: Executed in 2015 ✓ Control Adequate ✓

Annual Board adoption and review of the Agency Conflicts of Interest Policy: Executed in 2015 ✓ Control Adequate ✓

Financial/Accounting Unit Functions

The primary functions of the Financial/Accounting Unit are: prepare and reconcile monthly financial statements, receive and disburse Agency funds (billing, invoicing, and deposits), prepare and monitor Agency budget, administer Agency's procurement of good and services.

Financial/Accounting Unit Internal Controls

Monthly financial reports reviewed by Board of Directors: Executed in 2015 ✓ Control Adequate ✓

Annual Board adoption and review of Procurement Policy: Executed in 2015 ✓ Control Adequate ✓

Annual Board adoption and review of Deposits and Investments of Agency Funds Policy: Executed in 2015 ✓ Control Adequate ✓

Annual Board adoption and review of Financial Records and Annual Financial Statement Policy: Executed in 2015 ✓ Control Adequate ✓

Annual Board adoption and review of annual budget and Budget Policy: Executed in 2015 ✓ Control Adequate ✓

Annual external financial audit with Audit Committee oversight: Executed in 2015 ✓ Control Adequate ✓

Annual Board adoption and review of Agency Property Acquisition and Disposition Policy: Executed in 2015 ✓ Control Adequate ✓