

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

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018



Teal, Becker & Chiramonte™
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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TABLE OF CONTENTS

	<u>Page</u>		<u>Schedule Number</u>
Independent Auditors' Report	1-2		
Management's Discussion And Analysis	3-7		
Statements Of Net Position	8		
Statements Of Revenues, Expenses, And Changes In Fund Net Position	9		
Statements Of Cash Flows	10		
Notes To Financial Statements	11-15		
 <u>REQUIRED SUPPLEMENTARY INFORMATION</u>			
Schedule Of Revenues And Expenses - Budget (Non-GAAP Basis) And Actual			I
Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>			



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

Report on the Financial Statements

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, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Agency's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 City of Albany Industrial Development Agency, a Component Unit of the City of Albany, as of December 31, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 audits 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2020 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 solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Leah Becker & Charamonte, CPAs PC

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 or Agency) activities and financial performance is offered as an introduction and overview of the financial statements of CAIDA for the fiscal years ended December 31, 2019 and 2018. 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. To do this, the Agency extends conduit tax-exempt and taxable bond issuance, mortgage recording, sales, and real-property tax abatements to offset or finance construction, rehabilitation, and equipping costs for eligible projects.

The CAIDA 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 CAIDA. Lease payments are usually equal to the debt service obligations of the issued bonds. The CAIDA does not provide credit enhancement and issues bonds on a non-recourse basis.

Through a professional 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 project related issues. If CAIDA is an appropriate route, the applicant will complete and submit an application that outlines certain information and data, including anticipated level of job creation and retention that the project will generate. The application is reviewed by staff and counsel to determine project qualification and address other due diligence issues. The seven-member CAIDA Board meets monthly or as necessary to consider project applications focusing on the "public benefits" related to the proposed project, other economic impacts and benefits on the local economy, and the anticipated employment impact. 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 that requests financial incentives greater than \$100,000 in value.

FINANCIAL OPERATIONS HIGHLIGHTS

The chart below provides a condensed summary of revenues and expenses for the years December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Total revenues, gains, and other support	\$1,679,658	\$1,402,364
Total expenses	<u>799,162</u>	<u>753,661</u>
Excess Of Revenues Over Expenses	<u>\$ 880,496</u>	<u>\$ 648,703</u>

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

Management's Discussion and Analysis

FINANCIAL OPERATIONS HIGHLIGHTS (CONTINUED)

Agency revenues are predominantly derived from a 1% administrative fee paid by applicants for projects that close with a PILOT and a ½% administrative fee for all other projects that close within a given year. As a result, revenues will fluctuate from year to year based on the level of project activity. The following projects that closed in 2019 and paid an administrative fee to the Agency were as follows:

Laughlin Dawn, LLC

This project, located on Sandidge Way, consists of the construction of approximately 6.5 acre site into residential apartments units in seven buildings. There will be a clubhouse and office in a portion of one building, common areas and parking for 343 cars. When completed this project will have 95 units of one-bedroom apartments and 78 units of two-bedroom apartments. This approximately \$51.7 million project will create an estimated 7 permanent jobs and 165 construction jobs.

16 Sheridan Avenue, LLC

This project consists of the renovation of an approximately 112,000 SF vacant office building located in Downtown Albany. When completed this project will have 132 market rate apartments as well as approximately 3,500 SF of restaurant and retail commercial space. This approximately \$21.6 million project will create an estimated 12 permanent jobs and 130 construction jobs.

Morris Place, LLC

This project consists of the acquisition and demolition of existing, blighted apartment building located at 105 Morris Street. A five-story complex will be constructed with indoor parking for approximately 16 cars on the first floor and four floors of apartments above. When completed this market-rate project will have five units of one-bedroom apartments, one two-bedroom apartment, and one studio apartment. This approximately \$5.4 million project will create an estimated 2 permanent jobs and 40 construction jobs.

Mukura Inc.

This project consists of the construction of an approximately 60,000 SF, 4-story hotel located at 351 Southern Boulevard. When completed this hotel will consist of 106 hotel rooms with an indoor pool, fitness room, and a bar/lounge. This approximately \$13.3 million project will create an estimated 25 permanent jobs and 100 construction jobs.

705 Broadway Hotel, LLC

This project consists of the construction of an approximately 84,525 SF, eight-story hotel. When completed this hotel will consist of 132 hotel rooms with a pool, fitness room, and guest dining areas. This approximately \$30.4 million project will create an estimated 25 permanent jobs and 100 construction jobs.

76 North Pearl, LLC

This project consists of the renovation of an approximately 192,000 SF vacant office building located in Downtown Albany. When completed this project will have 123 market rate apartments as well as approximately 36,000 SF of restaurant and retail commercial space. This approximately \$36.1 million project will create an estimated 24 permanent jobs and 113 construction jobs.

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

Management's Discussion and Analysis

FINANCIAL OPERATIONS HIGHLIGHTS (CONTINUED)

Harmony Mills South, LLC

This project consists of converting the upper 11 stories of 90 State Street from commercial space into residential units. Post conversion this project will retain a portion of the office and commercial space. When completed this project will consist of 22 two-bedroom, 88 one-bedroom, and 44-studio market rate apartments. This approximately \$23.1 million project will retain an estimated 4 jobs; create 1 permanent job and 89 construction jobs.

TRPS2, LLC

This project consists of the revitalization of four vacant parcels located at 74 - 86 Dana Avenue in the Park South neighborhood. This project will construct of an approximately 45,000 SF four story market rate apartment building. When completed this project will consist of 36 market rate one-bedroom units. This approximately \$5.6 million projected will create 1 permanent job and 160 construction jobs.

A condensed summary of CAIDA's net assets at December 31, 2019 and 2018 is shown below:

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Cash and Cash Equivalents	\$3,346,399	\$2,491,380
Accounts Receivable	69,974	13,211
Prepaid Expenses	1,000	-
Mortgage Notes Receivable	<u>131,970</u>	<u>131,970</u>
TOTAL ASSETS	<u>\$3,549,343</u>	<u>\$2,636,561</u>
<u>Liabilities and Net Assets</u>		
Accounts Payable	\$ 42,999	\$ 27,713
Accrued Expenses	17,000	-
Mortgage Notes Payable	<u>131,970</u>	<u>131,970</u>
Total Liabilities	191,969	159,683
Net Assets	<u>3,357,374</u>	<u>2,476,878</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$3,549,343</u>	<u>\$2,636,561</u>

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

Management's Discussion and Analysis

FUTURE OPERATIONS

As of December 31, 2019, the following projects have been approved by the CAIDA Board and are expected to close in 2020:

theREP, LLC

This project consists of the renovation of 251 North Pearl Street into a 300 seat Performing Arts Theater equipped with a box office, café, 70 seat black box theater, costume shop and administrative offices. This approximately \$9.5 million project will retain an estimated 25 jobs, create an estimated 6 permanent jobs and create an estimated 69 construction jobs.

39 Columbia Street Assoc., LLC

This project consists of the renovation of an approximately 60,000 SF vacant office building located in Downtown Albany. When completed this project will have 39 market rate apartments as well as approximately 15,000 SF of restaurant and retail commercial space. This approximately \$5.3 million project will create an estimated 50 permanent jobs and 39 construction jobs.

45 Columbia Street Assoc., LLC

This projects consists of the renovation of an approximately 78,000 SF parking garage located in Downtown Albany and convert the property into both a parking garage and market rate apartments. When completed this project will have 27 market rate apartments as well 125 parking spaces. This approximately \$7 million project will create an estimated 1 permanent job and 20 construction jobs.

427 Washington Avenue , LLC

This project consists of the construction of approximately 16,900 SF, 3 ½ story residential apartment building. When completed this project will have 16 units consisting of 4 units of one-bedroom apartments and 12 units of two-bedroom apartments as well as seven off street parking spots. This approximately \$2.6 million project will create an estimated 85 construction jobs.

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.

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

Management's Discussion and Analysis

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**

Statements Of Net Position

December 31

	<u>2019</u>	<u>2018</u>
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	\$ 3,346,399	\$ 2,491,380
Accounts receivable (Note 4)	69,974	13,211
Prepaid expenses	<u>1,000</u>	<u>-</u>
 Total current assets	 3,417,373	 2,504,591
 Mortgage notes receivable (Note 2)	 <u>131,970</u>	 <u>131,970</u>
 Total Assets	 <u><u>\$ 3,549,343</u></u>	 <u><u>\$ 2,636,561</u></u>
<u>Liabilities And Net Position</u>		
Current liabilities:		
Accounts payable	\$ 42,999	\$ 27,713
Accrued expenses	<u>17,000</u>	<u>-</u>
 Total current liabilities	 59,999	 27,713
 Mortgage payable (Note 3)	 <u>131,970</u>	 <u>131,970</u>
 Total liabilities	 191,969	 159,683
 Net position - unrestricted	 <u>3,357,374</u>	 <u>2,476,878</u>
 Total Liabilities And Net Position	 <u><u>\$ 3,549,343</u></u>	 <u><u>\$ 2,636,561</u></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 Fund Net Position

For The Years Ended December 31

	<u>2019</u>	<u>2018</u>
Operating revenues:		
Agency fees	\$ 1,652,934	\$ 1,389,964
Total operating revenues	<u>1,652,934</u>	<u>1,389,964</u>
Operating expenses:		
Professional services	469,727	428,223
Economic development support	250,000	250,000
Other miscellaneous	<u>7,981</u>	<u>4,979</u>
Total operating expenses	<u>727,708</u>	<u>683,202</u>
Operating income	<u>925,226</u>	<u>706,762</u>
Non-operating revenues:		
Interest income	<u>26,724</u>	<u>12,400</u>
Total non-operating revenues	<u>26,724</u>	<u>12,400</u>
Non-operating expenses:		
Lease expenses (Note 6)	<u>71,454</u>	<u>70,459</u>
Total non-operating expenses	<u>71,454</u>	<u>70,459</u>
Net income	880,496	648,703
Net position - beginning	<u>2,476,878</u>	<u>1,828,175</u>
Net Position - Ending	<u><u>\$ 3,357,374</u></u>	<u><u>\$ 2,476,878</u></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>2019</u>	<u>2018</u>
Cash flows from (for) operating activities:		
Receipts from fees	\$ 1,622,698	\$ 1,424,364
Payments for economic development support	(250,000)	(250,000)
Payments for professional services	(454,254)	(489,926)
Payments for other expenses	<u>(7,982)</u>	<u>(5,121)</u>
Net cash provided by operating activities	<u>910,462</u>	<u>679,317</u>
 Cash flows for investing activities:		
Interest	26,724	12,400
Lease expenses	<u>(82,167)</u>	<u>(74,460)</u>
Net cash used by investing activities	<u>(55,443)</u>	<u>(62,060)</u>
 Net increase in cash and cash equivalents	 855,019	 617,257
 Balances - beginning of year	 <u>2,491,380</u>	 <u>1,874,123</u>
 Balances - End Of Year	 <u><u>\$ 3,346,399</u></u>	 <u><u>\$ 2,491,380</u></u>
 Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 925,226	\$ 706,762
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:		
Changes in assets and liabilities:		
Prepaid expenses	(1,000)	-
Accounts receivable	(56,763)	38,067
Accounts payable	<u>42,999</u>	<u>(65,512)</u>
 Net Cash Provided By Operating Activities	 <u><u>\$ 910,462</u></u>	 <u><u>\$ 679,317</u></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 accordance 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)

(b) Cash and cash equivalents (continued)

At December 31, 2019, the carrying amount of the Agency's deposits, including cash and a money market account, was \$3,361,084. 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	\$ 3,173,307
Covered by federal deposit insurance	<u>250,000</u>

Total Bank Balances	<u>\$ 3,423,307</u>
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(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. 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 and accounts receivable

Substantially all of the mortgage notes and accounts receivable are considered collectible. Accordingly, no allowance for doubtful accounts is required.

(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.

**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)

(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.

Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the Agency. Exchange transactions are those in which each party receives and gives up essentially equal value. Non-operating revenues, such as investment earnings, result from non-exchange transactions.

(g) Income taxes

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

(h) Estimates

The preparation of financial statements in accordance 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 position or net income.

**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, 2019 and 2018, long-term debt was \$131,970 for each year, and matures on December 23, 2022.

Note 4: Related Party Transactions

The Agency shares a common board of directors with the City of Albany Capital Resource Corporation, a Component Unit of the City of Albany. The Agency received \$26,527 and \$6,333 for the years ended December 31, 2019 and 2018, based on the terms of a contract for services agreement. At December 31, 2019 and 2018, \$0- and \$6,333 was included as accounts receivable on the statements of net position.

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 New York State, the City of Albany, and are not general obligations of the Agency. Accordingly, the Agency does not record related activity in its accounts. The Agency acts 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, 2019 total \$64,805,929.

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

Notes To Financial Statements

Note 6: Sublease Agreement

The Agency had an agreement with the New Covenant Charter School (the “Charter School”) to lease a portion of the Charter School’s 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 \$71,454 and \$70,459 for the years ended December 31, 2019 and 2018, respectively. The original agreement was effective through November 30, 2009.

In June 2010, the Charter School closed and ownership rights reverted back to the bondholders. The Agency’s obligation under the lease continues despite the closing of the Charter School. Under a revised agreement, the Agency was required to pay 80% of all operating and maintenance expenses, fees, and charges until the Charter School building was purchased.

During the fourth quarter of 2013, the building was leased to the Albany City School District. In connection with the lease with the Albany City School District, the Agency’s obligation under the lease will continue with respect to sharing of operating and maintenance expenses, fees, and charges.

Note 7: Subsequent Events

Subsequent events have been evaluated through March 26, 2020, which is the date the financial statements were available to be issued. The extent of the impact of COVID-19 on the Agency’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the Agency’s customers and employees, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Agency’s financial condition or results of operations is uncertain and cannot be reasonably estimated at this time.

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, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:			
Agency fees	\$ 981,403	\$ 1,652,934	\$ 671,531
Interest income	11,595	26,724	15,129
Total revenues	<u>992,998</u>	<u>1,679,658</u>	<u>686,660</u>
Expenses:			
Management contracts	394,228	367,701	26,527
Economic development support	250,000	250,000	-
Sub-lease AHCC	75,000	71,454	3,546
Agency counsel	42,000	42,000	-
Strategic activity	30,000	-	30,000
Legal expenses	20,000	17,463	2,537
Website maintenance	10,000	-	10,000
Audits/accounting	7,000	7,000	-
Other miscellaneous	6,600	7,981	(1,381)
Insurance	1,700	1,564	136
Professional service other	-	33,999	(33,999)
Total expenses	<u>836,528</u>	<u>799,162</u>	<u>37,366</u>
Excess Of Revenues Over Expenses	<u>\$ 156,470</u>	<u>\$ 880,496</u>	<u>\$ 724,026</u>

See paragraph on supplementary schedules in independent auditors' report



Teal, Becker & Chiaramonte™
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

**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, 2019, 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 26, 2020.

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.

Leah Becker & Charamonte, CPAs PC

Albany, New York
March 26, 2020