

*CITY OF COHOES INDUSTRIAL
DEVELOPMENT AGENCY*

*REGULATORY BASIS
FINANCIAL STATEMENTS*

DECEMBER 31, 2012

CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY

TABLE OF CONTENTS

DECEMBER 31, 2012

	<u>Page</u>
Independent Auditor's Report	1-2
Regulatory Basis Financial Statements	
Statement of Net Assets	3
Statement of Revenue, Expenses and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6-7
Additional Reports Required by Government Auditing Standards	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	8-9
Schedule of Findings and Recommendations	10
Schedule of Status of Prior Year Findings	11

CUSACK & COMPANY
Certified Public Accountants LLC
7 AIRPORT PARK BOULEVARD
LATHAM, NEW YORK 12110
(518) 786-3550
FAX (518) 786-1538
E-MAIL ADDRESS: INFO@CUSACKCPA.COM
WWW.CUSACKCPA.COM

CLIFTON PARK/HALFMOON OFFICE
(518) 664-7063
FAX (518) 541-3083

MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
AND
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
City of Cohoes Industrial
Development Agency

Report on the Financial Statements

We have audited the accompanying regulatory basis financial statements of the City of Cohoes Industrial Development Agency, a component unit of the City of Cohoes, as of and for the year ended December 31, 2012, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers internal control relevant to the entity'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 entity'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.

Basis for Qualified Opinion

As described in Note 1, the Agency prepared these financial statements using accounting principles prescribed by the New York State Office of the State Comptroller to demonstrate compliance with the State's regulatory basis of accounting, which practices differ from accounting principles generally accepted in the United States of America. The difference between the regulatory basis of accounting and accounting principles generally accepted in the United States of America are described in Note 1. The effect of the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Further, because of the effect of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Cohoes Industrial Development Agency, as of December 31, 2012, and the changes in its financial position and its cash flows for the year then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Cohoes Industrial Development Agency as of December 31, 2012, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with the regulatory basis of accounting.

Other Reporting Required by Government

In accordance with *Government Auditing Standards*, we have also issued reports dated February 2, 2013 on our consideration of the City of Cohoes Industrial Development Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal 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 are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Cohoes Industrial Development Agency's internal control over financial reporting and compliance.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
February 2, 2013

CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS NET ASSETS

DECEMBER 31, 2012

ASSETS

Assets	
Cash	\$ 426,701
Total Assets	<u>\$ 426,701</u>
Unassigned Net Assets	\$ 426,701
Total Liabilities and Net Assets	<u>\$ 426,701</u>

CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

Revenue:	
Administrative Fees	\$ 167,500
Interest	<u>401</u>
Total Revenues	<u>167,901</u>
Expenses:	
Grants Made	234,620
Professional Fees	14,796
Other Expenses	<u>1,214</u>
Total Expenses	<u>250,630</u>
Deficiency of Revenue Over Expenses	(82,729)
Unassigned Net Assets at Beginning of Year	<u>509,430</u>
Unassigned Net Assets at End of Year	<u>\$ 426,701</u>

CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

Operating activities:	
Deficiency of revenues over expenses	\$ (82,729)
Cash at beginning of year	<u>509,430</u>
Cash at end of year	<u>\$ 426,701</u>

CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Business Activity

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

Basis of Accounting

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

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

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

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

Income Taxes

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

Subsequent Events

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through February 2, 2013, the date the financial statements were available to be issued. No such events or transactions were identified.

CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2012

2. INDUSTRIAL REVENUE BOND AND NOTE TRANSACTIONS

Certain industrial development revenue bonds and notes issued by the Agency are secured by property which is leased to companies and is retired by lease payments. The bonds and notes are not obligations of the Agency or the City. The Agency does not record the assets or liabilities resulting from completed bond and note issues in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond and note holders, and funds arising therefrom are controlled by trustees or banks acting as fiscal agents.

3. CASH

The Agency's investment policies are governed by State statutes. Agency monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The Agency is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, and obligations of New York State and its localities.

Of the total bank balance of \$426,701 at December 31, 2012, 100% was covered by FDIC Insurance.

4. GRANTS MADE

The Agency made the following grants in 2012:

City of Cohoes - Heritage Trail	\$ 165,000
City of Cohoes - Downtown Camera Project	<u>69,620</u>
	<u>\$ 234,620</u>

5. COMMITMENT

The Agency has committed \$35,000 to assist in the design of a waterfront park.

SUPPLEMENTAL INFORMATION

CUSACK & COMPANY
Certified Public Accountants LLC
7 AIRPORT PARK BOULEVARD
LATHAM, NEW YORK 12110
(518) 786-3550
FAX (518) 786-1538
E-MAIL ADDRESS: INFO@CUSACKCPA.COM
WWW.CUSACKCPA.COM

CLIFTON PARK/HALFMOON OFFICE
(518) 664-7063
FAX (518) 541-3083

MEMBERS OF:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
AND
NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
City of Cohoes Industrial
Development Agency

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the regulatory basis financial statements of the City of Cohoes Industrial Development Agency, a component unit of the City of Cohoes, as of and for the year ended December 31, 2012, and the related notes to the financial statements, and have issued our report thereon dated February 2, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Cohoes Industrial Development 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 City of Cohoes Industrial Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Cohoes Industrial Development 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Cohoes Industrial Development 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 City of Cohoes Industrial Development Agency's financial statements are free from 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 City of Cohoes Industrial Development 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 City of Cohoes Industrial Development Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CUSACK & COMPANY, CPA'S LLC

Latham, New York
February 2, 2013

CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF FINDINGS
DECEMBER 31, 2012

The Authority is not legally allowed to enter into grant agreements with the City, but may partner with the City in projects.

We recommend that future projects be structured so that the Authority is a partner in a project as opposed to a grantor.

CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS
DECEMBER 31, 2012

None noted