

***CITY OF COHOES INDUSTRIAL  
DEVELOPMENT AGENCY***

***REGULATORY BASIS  
FINANCIAL STATEMENTS***

***DECEMBER 31, 2016***

**CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY**

TABLE OF CONTENTS

DECEMBER 31, 2016

---

	<b><u>Page</u></b>
<b>Independent Auditor's Report</b>	1-2
Regulatory Basis Financial Statements	
Statement of Net Position	3
Statement of Revenue, Expenses and Changes in Net Position	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8
<b>Additional Report Required by <i>Government Auditing Standards</i></b>	
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 <i>Government Auditing Standards</i>	9-10
Schedule of Findings and Recommendations	11
Schedule of Status of Prior Year Findings	12
Supplemental Information	
Schedule of Indebtedness	13

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

MEMBERS OF:  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:  
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 which comprise the statement of net position as of December 31, 2016, and related statements of revenue, expenses and changes in net position and cash flows for the year then ended, 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 the regulatory reporting provisions of the New York State Office of the State Comptroller. Management is also responsible for 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 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 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 Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1, the financial statements are prepared by the City of Cohoes Industrial Development Agency on the basis of the financial reporting provisions of the New York State Office of the State Comptroller, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the New York State Office of the State Comptroller.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance 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, 2016, or the changes in its financial position, or its cash flows thereof for the year then ended.

### **Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position as of December 31, 2016 and the changes in financial position and cash flows for the year then ended, on the basis of the financial reporting provisions of New York State Office of the State Comptroller as described in Note 1.

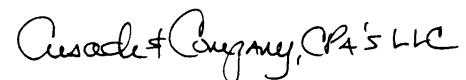
### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the Agency’s basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying supplementary information on page 13 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information on page 13 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Management has omitted management’s discussion and analysis. Such information is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2017 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 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 over financial reporting and compliance.



**CUSACK & COMPANY, CPA’S LLC**

Latham, New York  
January 31, 2017

**CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY**

STATEMENT OF NET POSITION

DECEMBER 31, 2016

---

**ASSETS**

Assets	
Cash	\$ 12,274
Property Held for Development	<u>269,096</u>
	<u>\$ 281,370</u>

**LIABILITIES**

Accounts Payable and Accrued Expenses	\$ 69,657
---------------------------------------	-----------

**NET POSITION**

Net Position	<u>211,713</u>
	<u>\$ 281,370</u>

**CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY**  
*STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION*  
*FOR THE YEAR ENDED DECEMBER 31, 2016*

---

Revenue:		
Administrative Fees		\$ 1,500
Interest		44
Contributed Property		<u>28,338</u>
Total Revenue		<u>29,882</u>
Expenses:		
Project Expenses		100,060
Professional Fees		61,050
Other Expenses		<u>1,736</u>
Total Expenses		<u>162,846</u>
Excess of Expenses Over Revenue		(132,964)
Net Position at Beginning of Year		<u>344,677</u>
Net Position at End of Year		<u><u>\$ 211,713</u></u>

**CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2016

---

Cash Flows Used in Operating Activities:	
Received from Customers	\$ 1,500
Paid to Suppliers and Vendors	<u>(102,169)</u>
	(100,669)
Cash Flows Provided by Investing Activities	
Investment Income Received	44
Cash Flows Used in Capital and Related Financing Activities:	
Acquisition of Property Held for Development	<u>(231,778)</u>
Net Decrease in Cash	(332,403)
Cash, Beginning of Year	<u>344,677</u>
Cash, End of Year	<u><u>\$ 12,274</u></u>
Reconciliation of Excess of Expenses over Revenue to Net Cash Provided By Operating Activities	
Excess of Expenses Over Revenue	\$ (132,964)
Adjustments to Reconcile Excess of Expenses Over Revenue to Net Cash Used in Operating Activities	
Contributed Property	(28,338)
Investment Income	(44)
Increase in	
Accounts Payable and Accrued Liabilities	<u>60,677</u>
Cash Flows Used in Operating Activities	<u><u>\$ (100,669)</u></u>

**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 City appoints the Agency’s governing board.

*Basis of Accounting*

The financial statements of the City of Cohoes Industrial Development Agency have been prepared in accordance 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.

*Contributions*

Contributions received and unconditional promises to give are measured at their fair values.

*Income Taxes*

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



**CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

---

**1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*Subsequent Events*

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through January 31, 2017, the date the financial statements were available to be issued. No such events or transactions were identified.

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

Certain industrial development revenue bonds and notes issued by the Agency are collateralized by property which is leased to companies and is retired by lease payments. The bonds and notes are not obligations of the Agency, the City, or New York State. The Agency does not record the assets or liabilities resulting from completed bonds and notes issued 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. For providing this service, the Agency receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and notes. Industrial bonds issued and outstanding at December 31, 2016 was \$4,220,000 for one loan to American Housing Management Co. Inc.

**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.

The total bank balance of \$14,777 at December 31, 2016 was entirely covered by FDIC Insurance.

**4. PROPERTY HELD FOR DEVELOPMENT**

Property held for development consists of the following:

Three Vacant Lots	\$ 300
Juncta Property	163,796
Sargent/Ontario Properties	105,000
	<u>\$ 269,096</u>

**CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY**

*NOTES TO FINANCIAL STATEMENTS (CONTINUED)*

*DECEMBER 31, 2016*

---

**4. PROPERTY HELD FOR DEVELOPMENT (CONTINUED)**

The Juncta Property is under contract to sell (subject to contingencies) for \$300,000. The Sargent/Ontario Properties are under contract to sell (subject to contingencies) for \$108,800 (\$190,000 in total, with Cohoes Local Development participating at \$81,200).

**5. PROJECT EXPENSES**

Project expenses of \$100,060 were paid to the Palace Performing Arts Center (“PPAC”) under a contract to provide PPAC up to \$135,000.

**ADDITIONAL REPORT REQUIRED BY  
*GOVERNMENT AUDITING STANDARDS***

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

MEMBERS OF:  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS OF:  
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, which comprise the statement of net position as of December 31, 2016, and the related statements of revenue, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 31, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the regulatory basis 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 opinion 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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Cohoes Industrial Development Agency's regulatory basis 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 is 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  
January 31, 2017

**CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY**  
*SCHEDULE OF FINDINGS AND RECOMMENDATIONS*  
*DECEMBER 31, 2016*

---

None.

***CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY***  
*SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS*  
*DECEMBER 31, 2016*

---

See “Outsourcing of Financial Statement Preparation Process to Your Auditors” comment on page 10 of the December 31, 2015 report.

**SUPPLEMENTARY INFORMATION**



**CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY**

**INDUSTRIAL DEVELOPMENT AGENCY**

*SCHEDULE OF INDEBTEDNESS*

*DECEMBER 31, 2016*

---

<u>Project</u>	<u>Issuance Date</u>	<u>Outstanding Beginning of Fiscal Year</u>	<u>Issued During Fiscal Year</u>	<u>Paid During Fiscal Year</u>	<u>Outstanding End of Fiscal Year</u>	<u>Final Maturity Date</u>
American Housing Management Co, Inc. 427 Columbia Street Cohoes, NY 12047	1/14/2004	<u>\$ 4,380,000</u>	<u>\$ -</u>	<u>\$ 160,000</u>	<u>\$ 4,220,000</u>	2024