

*CITY OF COHOES INDUSTRIAL
DEVELOPMENT AGENCY*

FINANCIAL STATEMENTS

DECEMBER 31, 2017

CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY

TABLE OF CONTENTS

DECEMBER 31, 2017

	<u>Page</u>
Independent Auditor's Report	1-2
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
Additional Report Required by <i>Government Auditing Standards</i>	
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
Cohoes, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Cohoes Industrial Development Agency (the "Agency") which comprise the statement of net position as of December 31, 2017, 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 accounting principles generally accepted in the United States of America. 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.

Opinion

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, 2017, and the changes in its financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

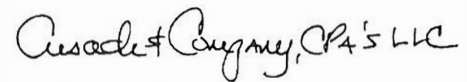
Other Matters

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, 2018 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, 2018

CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY

STATEMENT OF NET POSITION

DECEMBER 31, 2017

ASSETS

Assets	
Cash	\$ 62,969
Property Held for Development	<u>441,803</u>
Total Assets	<u>\$ 504,772</u>

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 6,923
Note Payable	<u>161,250</u>
Total Liabilities	168,173

NET POSITION

Net Position	<u>336,599</u>
	<u>\$ 504,772</u>

CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017

Revenue:	
Administrative Fees	\$ 261,406
City of Cohoes Grant	176,306
Interest	10
Rental Income	<u>3,710</u>
Total Revenue	<u>441,432</u>
Expenses:	
Payroll	32,619
Payroll Taxes and Benefits	9,699
Project Expenses	37,694
Professional Fees	70,221
Transfer of Properties to Cohoes Local Development Corporation	100,200
Loss on Sale of Properties Held for Development	47,133
Loan Closing Costs	7,534
Interest Expense	2,653
Other Expenses	<u>8,793</u>
Total Expenses	<u>316,546</u>
Excess of Revenue Over Expenses	124,886
Net Position, Beginning of Year	<u>211,713</u>
Net Position, End of Year	<u>\$ 336,599</u>

CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

Cash Flows Provided by (Used in) Operating Activities:	
Received for Administrative Fees	\$ 261,406
Received from City of Cohoes Grant	176,306
Rent Received	4,420
Paid for Salaries, Payroll Taxes and Benefits	(41,317)
Paid for Suppliers and Vendors	(188,687)
Paid for Interest	<u>(2,653)</u>
Cash Flows Provided by Operating Activities	<u>209,475</u>
Cash Flows Provided by (Used in) Investing Activities	
Investment Income Received	10
Proceeds from Sale of Property Held for Development	226,975
Acquisition of Property Held for Development	<u>(385,765)</u>
Cash Flows Used in Capital Activities	<u>(158,780)</u>
Net Increase in Cash	50,695
Cash, Beginning of Year	<u>12,274</u>
Cash, End of Year	<u><u>\$ 62,969</u></u>
Reconciliation of Excess of Revenue over Expenses to Net Cash	
Provided by (Used in) Operating Activities	
Excess of Revenue Over Expenses	\$ 124,886
Adjustments to Reconcile Excess of Revenue Over Expenses to	
Net Cash Provided by (Used in) Operating Activities	
Transfer of Properties to Cohoes Local Development	
Corporation	100,200
Loss on Sale of Properties Held for Development	47,133
Investment Income	(10)
Decrease in	
Accounts Payable and Accrued Liabilities	<u>(62,734)</u>
Cash Flows Provided by Operating Activities	<u><u>\$ 209,475</u></u>
Schedule of Non Cash Investing Activities	
Note Payable Utilized to Acquire Property Held for Development	<u><u>\$ 161,250</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 Agency has prepared its financial statements in accordance with accounting principles generally accepted in the United States of America as applied to government units (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing GAAP for state and local governments through its pronouncements (Standards and Interpretation).

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

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.

Budget

Although the Agency submits an annual budget to the Authorities Budget Office, it does not have a budget created by appropriation bills or ordinances which are signed into law. Therefore, budgetary comparison schedules are not required as supplemental information.

Subsequent Events

Management has evaluated subsequent events or transactions as to any potential material impact on operations or financial position occurring through January 31, 2018, 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, 2017 were \$4,050,000 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 \$56,368 at December 31, 2017 was entirely covered by FDIC Insurance.

4. PROPERTY HELD FOR DEVELOPMENT

Property held for development consists of the following:

Vacant Lot - Ontario Street	\$ 100
Juncta Property	174,576
Parking Lot - 84 Remsen Street	30,000
Two Family House - 180 Ontario Street	95,000
Commercial Lot - 182 Ontario Street	<u>142,127</u>
	<u>\$ 441,803</u>

Property held for development is evaluated for impairment on an annual basis.

CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2017

5. NOTE PAYABLE

The Agency has a \$1,000,000 line of credit available to acquire property held for development, of which \$161,250 was outstanding at December 31, 2017. The line bears interest at 3.3475% and is collateralized by property held for development at 180 and 182 Ontario Street.

6. PROJECT EXPENSES

Project expenses of \$34,940 were paid to the Palace Performing Arts Center.

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

CUSACK & COMPANY
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7 AIRPORT PARK BOULEVARD
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(518) 786-3550
FAX (518) 786-1538
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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
Cohoes, New York

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 financial statements of the City of Cohoes Industrial Development Agency, which comprise the statement of net position as of December 31, 2017, 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, 2018.

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 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 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 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, 2018

CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
DECEMBER 31, 2017

None

CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS
DECEMBER 31, 2017

None

SUPPLEMENTAL INFORMATION

CITY OF COHOES INDUSTRIAL DEVELOPMENT AGENCY
INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF INDEBTEDNESS
 DECEMBER 31, 2017

<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	\$ 4,220,000	\$ -	\$ 170,000	\$ 4,050,000	2024