

# MAIKELS & TRAINOR, CPA'S

Certified Public Accountants, LLP

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Allen F Maikels, CPA

The Board of Directors  
City of Rensselaer Industrial Development Agency  
A Component Unit of the City of Rensselaer

We have audited the financial statements of the City of Rensselaer Industrial Development Agency, a component Unit of the City of Rensselaer (the Agency) as of and the year ended December 31, 2018, and have issued our report thereon dated March 31, 2019. Professional standards require that we advise you of the following matters relating to our audit.

## **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated October 8, 2018, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriated in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Agency solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communication significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

## **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our Firm, as appropriate, and our Firm have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Agency's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Agency is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2018. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of the significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Financial Statement Disclosures*

The financial statement disclosures are neutral, consistent, and clear.

## **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

## **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. We did not identify any misstatements during the audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We did not identify any misstatements during the audit.

## **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Agency's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

## **Representations Requested from Management**

We have requested certain written representations from management, which are included in the management representation letter dated March 31, 2019.

**Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Agency, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the Agency, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Agency's auditors.

This information is intended solely for the information and use the Board of Directors and management of the Agency, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Maikels & Trainor CPA's*  
Maikels and Trainor, CPA's

March 31, 2019

CITY OF RENSSELAER  
INDUSTRIAL DEVELOPMENT AGENCY,  
A COMPONENT UNIT OF THE CITY OF RENSSELAER  
FINANCIAL STATEMENTS  
DECEMBER 31, 2018 AND 2017

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## INDEPENDENT AUDITORS' REPORT

**To the Board of Directors of  
City of Rensselaer Industrial Development Agency  
A Component Unit of The City of Rensselaer  
Rensselaer, New York**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **City of Rensselaer Industrial Development Agency**, which comprise of the balance sheet as of December 31, 2018 and 2017, and the related statements of revenues, expenses and changes in fund equity and cash flows for the years 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; 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. 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.

**City of Rensselaer Industrial Development Agency  
A Component Unit of The City of Rensselaer**

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of City of Rensselaer Industrial Development Agency as of December 31, 2018 and 2017, and the results of its fund equity and its cash flows for the year then ended in accordance with 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 March 31, 2019, on our consideration of the City of Rensselaer Industrial Development Agency's internal controls 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 provide an opinion on internal controls over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Rensselaer Industrial Development Agency's internal control over financial reporting and compliance.

Maikels & Trainor, CPA's

*Maikels & Trainor CPAs*

March 31, 2019

CITY OF RENSSELAER  
INDUSTRIAL DEVELOPMENT AGENCY,  
A COMPONENT OF THE CITY OF RENSSELAER  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 570,585	\$ 200,307
<b>TOTAL ASSETS</b>	<u>\$ 570,585</u>	<u>\$ 200,307</u>

LIABILITIES AND NET POSITION

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 5,150	\$ 5,150
Pilots payable	<u>217,107</u>	<u>0</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 222,257</u>	<u>\$ 5,150</u>
<b>NET POSITION - UNRESTRICTED</b>	<u>\$ 348,328</u>	<u>\$ 195,157</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 570,585</u>	<u>\$ 200,307</u>

See accompanying notes to financial statements.



**CITY OF RENSSELAER  
INDUSTRIAL DEVELOPMENT AGENCY,  
A COMPONENT OF THE CITY OF RENSSELAER  
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
<b>OPERATING REVENUES:</b>		
Fee income	\$ 209,800	\$ 4,932
Pilots received	<u>0</u>	<u>18,000</u>
Total operating revenues	<u>\$ 209,800</u>	<u>\$ 22,932</u>
<b>OPERATING EXPENSES:</b>		
Administration - Pilot disbursed	\$ 0	\$ 18,000
Administration expenses	<u>56,841</u>	<u>9,892</u>
Total operating expenses	<u>\$ 56,841</u>	<u>\$ 27,892</u>
<b>OPERATING INCOME (LOSS)</b>	<u>\$ 152,959</u>	<u>\$ (4,960)</u>
<b>NON-OPERATING REVENUES</b>		
Interest and earnings	<u>\$ 212</u>	<u>\$ 2</u>
Total non-operating revenues	<u>\$ 212</u>	<u>\$ 2</u>
<b>NET INCOME (LOSS)</b>	<u>\$ 153,171</u>	<u>\$ (4,958)</u>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>195,157</u>	<u>200,115</u>
<b>NET POSITION AT END OF YEAR</b>	<u><u>\$ 348,328</u></u>	<u><u>\$ 195,157</u></u>

See accompanying notes to financial statements.

**CITY OF RENSSELAER  
INDUSTRIAL DEVELOPMENT AGENCY,  
A COMPONENT UNIT OF THE CITY OF RENSSELAER  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash payments for services	\$ 209,800	\$ 4,932
(Increase) decrease in assets	0	90,000
Increase (decrease) in liabilities	217,107	(9,400)
Cash payments for contractual expenses	<u>(56,841)</u>	<u>(9,892)</u>
Net cash provided (used) by operating activities	<u>\$ 370,066</u>	<u>\$ 75,640</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest income	<u>\$ 212</u>	<u>\$ 2</u>
Net cash provided by investing activities	<u>\$ 212</u>	<u>\$ 2</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>\$ 370,278</b>	<b>\$ 75,642</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>200,307</u>	<u>124,665</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 570,585</u></u>	<u><u>\$ 200,307</u></u>
<b>RECONCILIATION OF NET INCOME (LOSS) NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES</b>		
Operating income (loss)	<u>\$ 152,959</u>	<u>\$ (4,960)</u>
Adjustments to reconcile net income to net cash provided by operations:		
(Increase) decrease in assets	\$ 0	\$ 90,000
Increase (decrease) in liabilities	<u>217,107</u>	<u>(9,400)</u>
Net cash provided by operations	<u>\$ 217,107</u>	<u>\$ 80,600</u>
<b>NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES</b>	<u><u>\$ 370,066</u></u>	<u><u>\$ 75,640</u></u>

See accompanying notes to financial statements.

**CITY OF RENSSELAER**  
**INDUSTRIAL DEVELOPMENT AGENCY,**  
**A COMPONENT UNIT OF THE CITY OF RENSSELAER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTES 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Rensselaer Industrial Development Agency (Agency) have been prepared in conformity with generally accepted accounting principles (GAAP). Significant accounting policies are:

**Organization and Purpose**

The Agency was created under the provisions of the laws of New York State for the purpose of encouraging economic growth in the City of Rensselaer and limits its activity to projects in the City of Rensselaer. The Agency is exempt from federal, state and local income taxes. The Agency is considered to be a component unit of the City of Rensselaer because the Rensselaer Commission Council appoints the Agency's Board of Directors.

**Basis of Accounting**

The accounts of the Agency are maintained on the accrual basis of accounting. Revenue is recognized when earned and liabilities are recognized when incurred.

**Cash and Cash Equivalents**

The Agency maintains cash balances at one bank. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000 and the excess is uninsured. For the purpose of the Statement of Cash Flows, the Company considers all liquid securities purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents as of December 31, 2018 and 2017.

**Investments**

The Agency's investment policies are governed by State statutes, which specify limited permissible types of investments. Permissible investments include obligations of U.S. agencies and of New York State and political subdivisions thereof.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF RENSSELAER**  
**INDUSTRIAL DEVELOPMENT AGENCY,**  
**A COMPONENT UNIT OF THE CITY OF RENSSELAER**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018 AND 2017**

**NOTE 2 - INDUSTRIAL REVENUE BOND AND NOTE TRANSACTIONS**

The bonds and notes are not obligations of the Agency or the state. 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 there from 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.

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Allen F Maikels, CPA

**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 Board of Directors  
City of Rensselaer Industrial Development Agency  
A Component Unit of The City of Rensselaer  
Rensselaer, New York

## Independent Auditors' Report

We have audited in accordance with the 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 City of Rensselaer Industrial Development Agency, a Component Unit of The City of Rensselaer (the Organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated March 24, 2019

### *Internal Control over Financial Reporting*

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 Organization'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 weakness 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 Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of law, 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 matter 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Michael J. Trimmer CPA's*

Rensselaer, New York  
March 31, 2019