

CITY OF RENSSELAER
INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT UNIT OF THE CITY OF RENSSELAER
FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010

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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**

We have audited the accompanying balance sheets of **City of Rensselaer Industrial Development Agency**, a component unit of The City of Rensselaer, as of December 31, 2011 and 2010, and the related statements of revenue, expenses and changes in fund equity and cash flows and supplementary financial information for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards, and 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Rensselaer County Industrial Development Agency as of December 31, 2011 and 2010, and the results of its operations for the years then ended in conformity with generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of bond indebtedness on page 7 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated March 23, 2011, on our consideration of the Rensselaer City Industrial Development Agency's internal control structure and a report dated March 23, 2011 on its compliance with laws and regulations.

March 18, 2012
Albany, New York

Gordon & Mitchell CPAs LLP

**CITY OF RENSSELAER
INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT OF THE CITY OF RENSSELAER
BALANCE SHEETS
DECEMBER 31, 2011 AND 2010**

ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT ASSETS		
Cash	\$ 105,099	\$ 106,766
TOTAL ASSETS	<u>\$ 105,099</u>	<u>\$ 106,766</u>

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 2,100	\$ 4,200
TOTAL LIABILITIES	<u>\$ 2,100</u>	<u>\$ 4,200</u>
FUND EQUITY: Retained earnings	<u>\$ 102,999</u>	<u>\$ 102,566</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 105,099</u>	<u>\$ 106,766</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 FUND EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
OPERATING REVENUES:		
Pilots received	\$ 518,049	\$ 1,059,431
Total operating revenues	<u>\$ 518,049</u>	<u>\$ 1,059,431</u>
OPERATING EXPENSES:		
Administration - Pilot disbursed	\$ 513,049	\$ 1,059,431
Administration expenses	<u>4,696</u>	<u>4,597</u>
Total operating expenses	<u>\$ 517,745</u>	<u>\$ 1,064,028</u>
OPERATING INCOME (LOSS)	<u>\$ 304</u>	<u>\$ (4,597)</u>
NON-OPERATING REVENUES		
Interest and earnings	<u>\$ 129</u>	<u>\$ 203</u>
Total non-operating revenues	<u>\$ 129</u>	<u>\$ 203</u>
NET INCOME (LOSS)	<u>\$ 433</u>	<u>\$ (4,394)</u>
FUND EQUITY AT BEGINNING OF YEAR	<u>102,566</u>	<u>106,960</u>
FUND EQUITY AT END OF YEAR	<u><u>\$ 102,999</u></u>	<u><u>\$ 102,566</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, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash payments for contractual expenses	\$ (1,796)	\$ (2,497)
Net cash provided (used) by operating activities	<u>\$ (1,796)</u>	<u>\$ (2,497)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	\$ 129	\$ 203
Net cash provided by investing activities	<u>\$ 129</u>	<u>\$ 203</u>
NET INCREASE (DECREASE) IN CASH	\$ (1,667)	\$ (2,294)
CASH AT BEGINNING OF YEAR	<u>106,766</u>	<u>109,060</u>
CASH AT END OF YEAR	<u><u>\$ 105,099</u></u>	<u><u>\$ 106,766</u></u>
RECONCILIATION OF NET INCOME TO NET INCREASE (DECREASE) IN CASH		
Net income (loss)	\$ 433	\$ (4,394)
Adjustments to reconcile net income to net cash provided by operations:		
(Increase) decrease in assets	\$ 0	\$ 0
Increase (decrease) in liabilities	<u>(2,100)</u>	<u>2,100</u>
Net cash provided by operations	<u>\$ (2,100)</u>	<u>\$ 2,100</u>
NET INCREASE (DECREASE) IN CASH	<u><u>\$ (1,667)</u></u>	<u><u>\$ (2,294)</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, 2011 AND 2010

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, 2011 and 2010.

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.

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NOTES TO FINANCIAL STATEMENTS
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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. As of December 31, 2011, there were no bonds issued.