

***TOWN OF ROTTERDAM, NEW YORK
INDUSTRIAL DEVELOPMENT AGENCY***

***REGULATORY BASIS
FINANCIAL STATEMENTS***

DECEMBER 31, 2010

TOWN OF ROTTERDAM, NEW YORK
INDUSTRIAL DEVELOPMENT AGENCY
FINANCIAL STATEMENTS
DECEMBER 31, 2010

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Town of Rotterdam, New York
Industrial Development Agency

We have audited the accompanying regulatory basis financial statements of the Town of Rotterdam, New York Industrial Development Agency (the Agency), a component unit of the Town of Rotterdam, New York as of and for the year ended December 31, 2010. These financial statements are the responsibility of the Town of Rotterdam, New York Industrial Development Agency's management. Our responsibility is to express opinions 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 *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 audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Agency has prepared these financial statements using accounting practices 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 effect on 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.

In our opinion, because of the effects 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 Town of Rotterdam, New York Industrial Development Agency, as of December 31, 2010, and the changes in its financial position, or, where applicable, its cash flows for the year then ended.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Town of Rotterdam Industrial Development Agency as of December 31, 2010, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles prescribed by the New York State Office of the State Comptroller.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2011 on our consideration of the Town of Rotterdam, New York 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* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Board of Directors and State of New York Office of the State Comptroller and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Cusack & Company, CPA's LLC". The signature is written in a cursive, flowing style.

CUSACK & COMPANY, CPA'S LLC

Latham, New York
April 13, 2011

TOWN OF ROTTERDAM, NEW YORK
INDUSTRIAL DEVELOPMENT AGENCY

BALANCE SHEET
DECEMBER 31, 2010

Assets	
Cash	\$ 331,150
Prepaid Expense	<u>1,714</u>
Total Assets	<u><u>\$ 332,864</u></u>
Liabilities	
Accounts Payable	<u>\$ 8,000</u>
Fund Balance	<u>324,864</u>
Total Liabilities and Fund Balance	<u><u>\$ 332,864</u></u>

TOWN OF ROTTERDAM, NEW YORK
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2010

Revenue:	
Administrative Fees	\$ 25,950
Interest Income	<u>1,517</u>
Total Revenue	<u>27,467</u>
Expenses:	
Salaries	6,266
Payroll Taxes	428
Professional Fees	19,826
Management Fees	20,000
Dues	1,575
Facade Program	30,000
Advertising	179
Office Expense	84
Insurance	<u>6,042</u>
Total Expenses	<u>84,400</u>
Deficiency of Revenue Over Expenses	(56,933)
Fund Balance, at Beginning of Year	<u>381,797</u>
Fund Balance, at End of Year	<u><u>\$ 324,864</u></u>

TOWN OF ROTTERDAM, NEW YORK
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

Deficiency of Revenues Over Expenses	\$ (56,933)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided by Operating Activities:	
Prepaid Expenses	1,575
Accounts Payable	<u>(32,265)</u>
Decrease in Cash	(87,623)
Cash at Beginning of Year	<u>418,773</u>
Cash at End of Year	<u>\$ 331,150</u>

1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Business Activity

The Town of Rotterdam, New York Industrial Development Agency (the Agency) was created in 1975 by the State of New York under the provisions of Chapter 673 of the 1975 Laws of New York State for the purpose of encouraging economic growth in the Town of Rotterdam. The Agency is a component unit of the Town. The Town appoints the Agency's governing board and accounts for the Agency's transactions.

Basis of Accounting

The financial statements of the Town of Rotterdam, New York 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 of 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 that 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 auditing the financial statements utilizing another Comprehensive Basis of Accounting as opposed to GAAP makes fiscal sense for the Agency.

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 potential material impact on operations or financial position occurring through April 13, 2011, the date the financial statements were available to be issued. No such events or transactions were identified.

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 Town. 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. For the purpose of the statement of cash flows, the agency considers all certificates of deposit purchased with a maturity of one year or less to be cash equivalents.

4. FACADE PROGRAM

During 2010, six grants totaling \$30,000, meeting the requirements of the program, were distributed.

5. PENSION PLAN

New York State and Local Employees Retirement System

The Agency participates in the New York State and Local Retirement System (the "System"), which includes the New York State and Local Employees Retirement System ("ERS"). The state comptroller is the sole trustee and administrative head of the System. The System is a cost-sharing, multiple-employer, public employee retirement system.

The System provides retirement benefits as well as death and disability benefits. All benefits vest after 5 years of credited service. All Agency employees are eligible for membership in the System. Retirement benefits are established by the New York State Retirement and Social Security Law and are dependent upon the point in time at which the employees joined the System. Contributory and noncontributory requirements also depend upon the point in time at which an employee joined the System. Most members of ERS who joined the System on or before July 26, 1976 are enrolled in a noncontributory plan.

5. PENSION PLAN (CONTINUED)

New York State and Local Employees Retirement System (Continued)

Employees who joined ERS subsequent to July 26, 1976 are enrolled in a contributory plan that requires a 3% contribution of their salary. Generally, members of Tiers 1, 2 and 3 may retire at a reduced benefit if they retire before age 62. Membership, benefits, and employer and employee obligations to contribute are described in the State Retirement and Social Security Law and in the System's annual reports and financial statements.

6. MANAGEMENT FEES

During March 2010 the Agency entered into an agreement with Schenectady County Industrial Development Agency to assist in the administration duties of the Agency. The monthly fee is \$2,000. The management fee expense for December 31, 2010 was \$20,000.

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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
Town of Rotterdam, New York
Industrial Development Agency

We have audited the regulatory financial statements of the Town of Rotterdam, New York Industrial Development Agency, a component unit of Town of Rotterdam, as of and for the year ended December 31, 2010, and have issued our report thereon dated April 13, 2011. 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Town of Rotterdam, New York Industrial Development Agency's internal control over financial reporting as a basis for designing our auditing procedures 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 Town of Rotterdam, New York Industrial Development Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Rotterdam, New York Industrial Development Agency's internal control over financial reporting.

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 entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Town of Rotterdam, New York Industrial Development Agency's financial statements are free of 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 statements 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.

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

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CUSACK & COMPANY, CPA'S LLC

Latham, New York
April 13, 2011

TOWN OF ROTTERDAM, NEW YORK
INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF CURRENT YEAR FINDINGS
DECEMBER 31, 2010

No Findings Noted.