CITY OF RENSSELAER

INDUSTRIAL DEVELOPMENT AGENCY,

A COMPONENT UNIT OF THE CITY OF RENSSELAER

FINANCIAL STATEMENTS

DECEMBER 31, 2010 AND 2009

TABLE OF CONTENTS

Page

Independent auditors' report.....1

Financial Statements

Balance sheets.....2

Statements of revenues, expenses and changes in fund equity.....3

Statements of cash flows.....4

Notes to financial statements.....5-6

Supplementary Financial Information

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.....7-8

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, 2010 and 2009, 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, 2009 and 2008, 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, 2010, on our consideration of the Rensselaer City Industrial Development Agency's internal control structure and a report dated March 23, 2010 on its compliance with laws and regulations.

Gordon & Machado CPA's LLP

March 18, 2011
Albany, New York

CITY OF RENSSELAER
INDUSTRIAL DEVELOPMENT AGENCY,
A COMPONENT OF THE CITY OF RENSSELAER
BALANCE SHEETS
DECEMBER 31, 2010 AND 2009

ASSETS

	2010	2009
CURRENT ASSETS		
Cash	$ 106,766	$ 109,060
TOTAL ASSETS	$ 106,766	$ 109,060

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 4,200	$ 2,100
TOTAL LIABILITIES	$ 4,200	$ 2,100
FUND EQUITY: Retained earnings	$ 102,566	$ 106,960
TOTAL LIABILITIES AND FUND EQUITY	$ 106,766	$ 109,060

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, 2010 AND 2009

	2010	2009
OPERATING REVENUES:		
Pilots received	$ 1,059,431	$ 2,443,173
Total operating revenues	$ 1,059,431	$ 2,443,173
OPERATING EXPENSES:		
Administation - Pilot disbursed	$ 1,059,431	$ 2,443,173
Administation expenses	4,597	4,797
Total operating expenses	$ 1,064,028	$ 2,447,970
OPERATING INCOME (LOSS)	$ (4,597)	$ (4,797)
NON-OPERATING REVENUES		
Interest and earnings	$ 203	$ 1,130
Total non-operating revenues	$ 203	$ 1,130
NET INCOME (LOSS)	$ (4,394)	$ (3,667)
FUND EQUITY AT BEGINNING OF YEAR	106,960	110,627
FUND EQUITY AT END OF YEAR	$ 102,566	$ 106,960

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, 2010 AND 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash payments for contractual expenses	$ (2,497)	$ (4,597)
Net cash provided (used) by operating activities	$ (2,497)	$ (4,597)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	$ 203	$ 1,130
Net cash provided by investing activities	$ 203	$ 1,130
NET INCREASE (DECREASE) IN CASH	$ (2,294)	$ (3,467)
CASH AT BEGINNING OF YEAR	109,060	112,527
CASH AT END OF YEAR	$ 106,766	$ 109,060
RECONCILIATION OF NET INCOME TO NET INCREASE (DECREASE) IN CASH		
Net income (loss)	$ (4,394)	$ (3,667)
Adjustments to reconcile net income to net cash provided by operations:		
(Increase) decrease in assets	$ 0	$ 0
Increase (decrease) in liabilities	2,100	200
Net cash provided by operations	$ 2,100	$ 200
NET INCREASE (DECREASE) IN CASH	$ (2,294)	$ (3,467)

See accompanying notes to financial statements.

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, 2010 and 2009.

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.

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, 2010, there were no bonds issued.

Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Preformed In Accordance With *Government Auditing Standards*

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

We have audited the financial statements of the governmental activities and the business-type activities of the City of Rensselaer Industrial Development Agency a Component Unit of The City of Rensselaer, as of and for the year ended December 31, 2010, which collectively comprise the City of Rensselaer Industrial Development Agency a Component Unit of The City of Rensselaer and have issued our report thereon dated March 18, 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 City of Rensselaer Industrial Development Agency a Component Unit of The City of Rensselaer's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to the relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the City of Rensselaer Industrial Development Agency a Component Unit of The City of Rensselaer'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 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 disclose 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 members and management of the Agency and the 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.

Gordon & Maikels, CPA's

Gordon & Maikels CPA's LLP

March 18, 2011
Albany, New York