

***ALBANY COUNTY INDUSTRIAL  
DEVELOPMENT AGENCY,  
A COMPONENT UNIT OF ALBANY COUNTY***

***FINANCIAL STATEMENTS***

***DECEMBER 31, 2012 AND 2011***

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To The Board of Directors  
Albany County Industrial Development Agency,  
a Component Unit of Albany County  
Albany, New York

## **Independent Auditors' Report**

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

We have audited the accompanying financial statements of the governmental activities and the business-type activities of the Albany County Industrial Development Agency, a Component Unit of Albany County (the Agency), as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

### ***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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 audits 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 auditors' 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 Agency'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 Agency'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.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the business-type activities of the Albany County Industrial Development Agency, a Component Unit of Albany County, as of December 31, 2012 and 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 and 4 and Schedule II be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2013, on our consideration of the 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 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 Agency's internal control over financial reporting and compliance.

*Teal Becker & Charamonte CPAs PC*

Albany, New York  
March 18, 2013

## **Management's Discussion And Analysis**

The management of the Albany County Industrial Development Agency, a Component Unit of Albany County (the Agency) offers readers of the Agency's financial statements, this narrative overview, and analysis of their financial activities for the year ended December 31, 2012. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Agency's financial statements, which follow this narrative.

### **Financial Highlights**

- The Agency's net assets increased by \$43,725 (or 5.7%) to \$802,369, as compared to the previous year.
- Total operating expenses of the Agency were \$74,167 during the year ended December 31, 2012.

### **Overview of the Financial Statements**

The Agency's basic financial statements consist of four components; 1) the MD&A, 2) fund financial statements, 3) notes to the financial statements, and 4) supplemental information. Because the Agency is a special-purpose government agency engaged in business-type activities only, the financial statements are presented in accordance with paragraph 138 of GASB Statement 34. In addition to the financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Agency. In addition to the management's discussion and analysis, management has prepared the Statement of Net Position, the Statement of Revenues, Expenses, and Change In Fund Net Position, and the Statement of Cash Flows, following the MD&A.

### **Overview of the Agency**

The Agency's primary mission is to encourage economic growth and expansion through financial incentives, thus advancing job opportunities, health, general prosperity, and the economic welfare of the people of Albany County and the State of New York. The Agency's operations are funded entirely through fees for services and rents received.

### **Fund Financial Statements**

The financial statements are presented on the fund basis. The fund financial statements provide a more detailed look at the Agency's activities by focusing on the individual activities of its fund. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives.

### **Notes to the Financial Statements**

The next section of the financial statements is the notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements are on pages 8 through 11 of this report. After the notes, the supplemental information is provided to show details about the Agency's bonds and budget analysis.

## Budgetary Highlights

The budgeted special district charges were \$39,549 lower than the original budget. This decrease was due to the decreased usage of the Tobin Packing Plant during 2012. This resulted in the Agency recognizing \$19,771 of special district charges in the current year.

## Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information required by the New York State Office of the State Comptroller.

### The Agency's Net Position

Figure 1

	<u>2012</u>
Current Assets	<u>\$802,369</u>
Net Position - Unrestricted	\$802,369
<b>Total Net Position</b>	<b><u>\$802,369</u></b>

Net position may serve over time as one useful indicator of a government's financial condition. The assets of the Agency exceeded liabilities by \$802,369 as of December 31, 2012. The Agency's net position increased by \$43,725 for the year ended December 31, 2012. The largest portion of net assets (99%) reflects the Agency's cash accounts.

The Agency continues to collect \$108,000 per year for the rental of the former First Prize building on Exchange Street in the Town of Colonie through 2014.

### The Agency's Revenue and Expenses

Figure 2

<b>Operating Revenues:</b>	
Fees	<u>\$ 8,475</u>
<b>Other Revenues:</b>	
Rental Income	108,000
Interest Income	<u>1,417</u>
Total Other Revenue	<u>109,417</u>
<b>Total Revenue</b>	<b><u>117,892</u></b>
<b>Operating Expenses:</b>	
Personal Services	45,026
Administration	<u>29,141</u>
Total Operating Expenses	<u>74,167</u>
<b>Net Income</b>	<b><u>\$ 43,725</u></b>

**ALBANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY,  
A COMPONENT UNIT OF ALBANY COUNTY**

Statements Of Net Position

December 31

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 798,272	\$ 753,906
Prepaid expenses	<u>4,097</u>	<u>4,414</u>
Total current assets	802,369	758,320
<b>Capital assets, net</b>	<u>-</u>	<u>324</u>
<b>Total Assets</b>	<u>\$ 802,369</u>	<u>\$ 758,644</u>
<u>Net Position</u>		
<b>Net position - unrestricted</b>	<u>\$ 802,369</u>	<u>\$ 758,644</u>
<b>Net Position</b>	<u>\$ 802,369</u>	<u>\$ 758,644</u>

The accompanying notes are an integral part of these financial statements

**ALBANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY,  
A COMPONENT UNIT OF ALBANY COUNTY**

Statements Of Revenues, Expenses, And Changes In Fund Net Position

For The Years Ended December 31

	<u>2012</u>	<u>2011</u>
<b>Operating revenues:</b>		
Fees	\$ 8,475	\$ 1,500
Total operating revenues	<u>8,475</u>	<u>1,500</u>
<b>Operating expenses:</b>		
Personal services	45,026	39,365
Administration	<u>29,141</u>	<u>69,950</u>
Total operating expenses	<u>74,167</u>	<u>109,315</u>
<b>Operating loss</b>	<u>(65,692)</u>	<u>(107,815)</u>
<b>Other revenues:</b>		
Rental income (Note 3)	108,000	108,000
Interest income	<u>1,417</u>	<u>2,099</u>
Total other revenues	<u>109,417</u>	<u>110,099</u>
<b>Net income</b>	43,725	2,284
<b>Net position - beginning</b>	<u>758,644</u>	<u>756,360</u>
<b>Net Position - Ending</b>	<u>\$ 802,369</u>	<u>\$ 758,644</u>

The accompanying notes are an integral part of these financial statements

**ALBANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY,  
A COMPONENT UNIT OF ALBANY COUNTY**

Statements Of Cash Flows

For The Years Ended December 31

	<u><b>2012</b></u>	<u><b>2011</b></u>
<b>Cash flows for operating activities:</b>		
Receipts from fees	\$ 8,475	\$ 1,500
Payments for administrative expenses	(28,817)	(65,859)
Payments for personal services	<u>(44,709)</u>	<u>(39,365)</u>
Net cash used by operating activities	<u>(65,051)</u>	<u>(103,724)</u>
 <b>Cash flows from capital and related financing activities:</b>		
Payment of fees payable to other government agencies	<u>-</u>	<u>(45,383)</u>
Net cash used by capital and related financing activities	<u>-</u>	<u>(45,383)</u>
 <b>Cash flows from investing activities:</b>		
Receipts from rental income	108,000	108,000
Interest	<u>1,417</u>	<u>2,099</u>
Net cash provided by investing activities	<u>109,417</u>	<u>110,099</u>
 <b>Net increase (decrease) in cash and cash equivalents</b>	44,366	(39,008)
 <b>Cash and cash equivalents - beginning of year</b>	<u>753,906</u>	<u>792,914</u>
 <b>Cash And Cash Equivalents - End Of Year</b>	<u><u>\$ 798,272</u></u>	<u><u>\$ 753,906</u></u>
 <b>Reconciliation of operating loss to net cash used by operating activities:</b>		
Operating loss	\$ (65,692)	\$ (107,815)
 Changes in assets and liabilities:		
Decrease in prepaid expenses	317	2,897
Depreciation	<u>324</u>	<u>1,194</u>
 <b>Net Cash Used By Operating Activities</b>	<u><u>\$ (65,051)</u></u>	<u><u>\$ (103,724)</u></u>

The accompanying notes are an integral part of these financial statements

**ALBANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY,  
A COMPONENT UNIT OF ALBANY COUNTY**

Notes To Financial Statements

**Note 1: Organization And Summary Of Significant Accounting Policies**

Organization and purpose - The Albany County Industrial Development Agency, a Component Unit of Albany County (the Agency) was created under the provisions of the Laws of New York State for the purpose of encouraging economic growth in Albany County and limits its activity to projects in Albany County. The Agency is considered to be a component unit of Albany County since the Albany County Legislature appoints the Agency's Board of Directors.

Basis of presentation - The Agency utilizes the accrual basis of accounting wherein revenue is recognized when earned and expenses are recognized when incurred. The accompanying financial statements of the Agency have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the *Government Accounting Standards Board (GASB)*, which is the primary standard setting body for establishing governmental accounting and financial principles.

Cash and cash equivalents - The Agency's investment policies are governed by State statutes. The Agency's funds 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 or its localities.

Collateral is required for demand deposits and certificates of deposit and for all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

At December 31, 2012, the carrying amount of the Agency's deposits, including cash and certificates of deposit, is \$798,272. The insured and collateral status of the year end bank balances are as follows:

**Status of bank balances:**

Collateralized with securities held by the pledging financial institution	\$ 286,357
Covered by federal deposit insurance	<u>500,000</u>
<b>Total Bank Balances</b>	<b><u><u>\$ 786,357</u></u></b>

Statement of cash flows and cash equivalents - The Agency follows accounting principles generally accepted in the United States of America, which requires the reporting of cash flows under the direct method of cash flow reporting. For purposes of the statements of cash flows, the Agency considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents in accordance with accounting principles generally accepted in the United States of America.

**ALBANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY,  
A COMPONENT UNIT OF ALBANY COUNTY**

Notes To Financial Statements

**Note 1: Organization And Summary Of Significant Accounting Policies (Continued)**

Capital assets - The Agency's property and equipment are stated at historical cost. Expenditures for additions, renewals, and betterments are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. Upon retirement or disposal of assets, the costs and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in revenue.

Property and equipment consist of furniture and fixtures. Depreciation is provided on a straight-line basis. As of December 31, 2012 and 2011, accumulated depreciation is \$10,118 and \$9,794, respectively. The Agency capitalizes all expenditures for property and equipment in excess of \$1,000.

Industrial Development Revenue Bonds - The Agency may issue Industrial Development Revenue Bonds. The Bonds are special obligations of the Agency payable solely from revenue derived from the leasing, sale, or other disposition of a project. As explained more fully in Note 2, there is no liability to the Agency; therefore, the obligations are not accounted for in the accounts of the Agency.

Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the Agency. Exchange transactions are those in which each party receives and gives up essentially equal value. Non-operating revenues, such as investment earnings, result from non-exchange transactions.

Income taxes - The Agency is exempt from federal, state, and local income taxes.

Estimates - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The application of these accounting principles involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. The Agency periodically evaluates estimates and assumptions used in the preparation of the financial statements and makes changes on a prospective basis when adjustments are necessary.

Presentation - Certain reclassifications, when applicable, are made to the prior year financial statement presentation to correspond to the current year's format. Reclassifications, when made, have no effect on total net position or net income (loss).

**ALBANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY,  
A COMPONENT UNIT OF ALBANY COUNTY**

Notes To Financial Statements

**Note 2: Industrial Development Revenue Bonds And Notes**

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 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. The Agency may collect amounts at closing that are due to the State. These amounts are subsequently remitted to the State by the Agency.

At December 31, 2012, the original value of bonds issued aggregated \$48,250,000 and the outstanding balance was \$26,059,966.

**Note 3: Net Investment In Direct Financing-Type Lease**

The Agency is the lessor of certain real estate known as the Tobin Packing Plant. The lessee had an option to purchase the real estate in 2000 but rescinded the option. At the expiration of the lease on December 31, 2014, the lessor shall by Warranty Deed convey all of its right, title, and interest in the real estate to the lessee for the sum of one dollar. Rental income received for the years ended December 31, 2012 and 2011 was \$108,000 each year.

Minimum future rental to be received under the terms of the lease as of December 31, 2012, for each of the next two years and in the aggregate are as follows:

2013	\$ 108,000
2014	<u>108,000</u>
<b>Total</b>	<b><u>\$ 216,000</u></b>

**ALBANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY,  
A COMPONENT UNIT OF ALBANY COUNTY**

Notes To Financial Statements

**Note 4: Employee Benefit Plans**

The Agency participates in the New York State Employees' Retirement System (NYSERS). This System is a cost sharing multiple employer, public employee retirement system. The System offers a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability. All benefits generally vest after ten years of service.

The New York State Retirement and Social Security Law provides that all participants in the System are jointly and severally liable for any actuarial unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the System. The System is non-contributory, except for employees who joined the System after July 27, 1975.

The Agency's contributions made to the System were equal to 100% of the contributions required for each year.

The retirement contributions in the current and two preceding years were:

2012	\$	2,718
2011	\$	2,235
2010	\$	1,626

Historical trend information, which provides information about the progress made in accumulating sufficient assets to pay benefits when due, is presented in the Annual Report of NYSERS.

**Note 5: Commitments And Contingences**

On December 27, 2012, the Agency entered into a project benefits agreement dated as of December 1, 2012 (the "Agreement") with a company (the "Company") operating in the City of Albany, Albany County, New York. The Agreement was entered into in connection with the Agency assisting the Company in undertaking a commercial project (the "Project"). Under the Agreement, the Agency agreed, subject to certain conditions, to assist the Company in calendar year 2013 in acquiring equipment in an amount not to exceed \$100,000 (the "Equipment Assistance"). The Equipment Assistance is not subject to repayment by the Company, so long as the Company maintains the job levels and satisfies the other conditions described in the Agreement.

**REQUIRED SUPPLEMENTAL INFORMATION  
AND  
SUPPLEMENTARY INFORMATION  
(OTHER THAN MD&A)**

**ALBANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY,  
A COMPONENT UNIT OF ALBANY COUNTY**

Schedule Of Bond Indebtedness

For The Year Ended December 31, 2012

Name of Project	Principal Amount of Issue	Issue Date	Outstanding Beginning of Fiscal Year	Issues During Fiscal Year	Paid During Fiscal Year	Outstanding End of Fiscal Year
Columbia Harriman 455, LLC, Series 2010A	\$ 9,050,000	12/31/2010	\$ 9,050,000	\$ -	\$ 3,174,600	\$ 5,875,400
Albany Academy and Albany Academy for Girls, Series 2007A	6,000,000	6/29/2007	5,613,333	-	140,798	5,472,535
Albany Academy and Albany Academy for Girls, Series 2007B	300,000	6/29/2007	280,667	-	7,040	273,627
Memorial Hospital, Series 2006A	5,000,000	6/29/2006	2,762,497	-	568,656	2,193,841
Memorial Hospital, Series 2006B	4,000,000	6/29/2006	2,200,519	-	455,353	1,745,166
First Unitarian Universalist Society of Albany, Series 2006A	1,200,000	6/27/2006	1,025,860	-	31,399	994,461
Wildwood Programs, Inc., Series 2006K-1	3,550,000	6/1/2006	3,100,000	-	140,000	2,960,000
Siena College, Series 2003A	3,750,000	11/21/2003	983,315	-	473,869	509,446
Excelsior College, Series 2003A	1,300,000	9/19/2003	722,539	-	46,333	676,206
LaSalle School, Series 2002A	3,500,000	12/5/2002	2,505,571	-	153,702	2,351,869
New York School Board Association, Inc., Series 2001A	5,150,000	8/16/2001	2,104,067	-	417,897	1,686,170
Academy of the Holy Names of New York, Series 2001A	2,200,000	5/31/2001	1,025,671	-	121,756	903,915
University State of NY, Series 1994A	3,250,000	7/26/1994	649,569	-	232,239	417,330
<b>Total</b>	<b>\$ 48,250,000</b>		<b>\$ 32,023,608</b>	<b>\$ -</b>	<b>\$ 5,963,642</b>	<b>\$ 26,059,966</b>

See paragraph on supplementary schedules in independent auditors' report

**ALBANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY,  
A COMPONENT UNIT OF ALBANY COUNTY**

Required Supplementary Information  
Schedule Of Revenues, Expenses, And Changes In Net Position - Budget  
(Non-GAAP Basis) And Actual

For The Year Ended December 31, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Rental income	\$ 108,000	\$ 108,000	\$ -
Fees	10,000	8,475	(1,525)
Interest income	<u>5,000</u>	<u>1,417</u>	<u>(3,583)</u>
 Total revenues	 <u>123,000</u>	 <u>117,892</u>	 <u>(5,108)</u>
<b>Expenditures:</b>			
Personal services	44,700	45,026	(326)
Special district charges	59,320	19,771	39,549
Audit fee	5,900	5,800	100
Insurance	1,950	2,113	(163)
Office expense	1,900	1,005	895
Depreciation	-	324	(324)
Bank charges	130	128	2
Meetings and seminars	<u>500</u>	<u>-</u>	<u>500</u>
 Total expenditures	 <u>114,400</u>	 <u>74,167</u>	 <u>40,233</u>
 <b>Net income</b>	 8,600	 43,725	 <u>\$ 35,125</u>
 <b>Net position - beginning</b>	 <u>758,644</u>	 <u>758,644</u>	
 <b>Net Position - Ending</b>	 <u>\$ 767,244</u>	 <u>\$ 802,369</u>	

See paragraph on supplementary schedules in independent auditors' report



**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  
Albany County Industrial Development Agency,  
a Component Unit of Albany County  
Albany, New York

We have audited, 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, the financial statements of the governmental activities and the business-type activities of the Albany County Industrial Development Agency, a Component Unit of Albany County (the Agency) as of and for the year ended December 31, 2012, and the related notes to the financial statements which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 18, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness as the 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 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 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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Teal Becker & Charamonte, CPAs PC*

Albany, New York  
March 18, 2013