

CITY OF MECHANICVILLE TOWN OF STILLWATER  
 INDUSTRIAL DEVELOPMENT AGENCY  
 Balance Sheet  
 December 31, 2009

Assets	
Cash	\$ 5,141
Receivables	359
Total assets	<u>\$ 5,500</u>
Liabilities - accounts payable	6
Fund balance	<u>5,494</u>
Total liabilities and fund balance	<u>\$ 5,500</u>

Statement of Revenues, Expenses and Changes in Fund Balance  
 For the Year Ended December 31, 2009

Revenue:	
Administrative Fees	-
Municipal grants	-
Interest	10
Total revenue	<u>10</u>
Expenses:	
Professional service contracts	-
Professional accounting and audit	2,415
Other operating expenses	2,322
Total expenses	<u>4,737</u>
Excess (expenses) over revenues	( 4,727)
Fund balance at beginning of year	<u>10,221</u>
Fund Balance at end of year	<u>\$ 5,494</u>

Statement of Cash Flows  
 For the Year Ended December 31, 2009

Operating activities:	
Excess (expenses) over revenues	( 4,727)
(Decrease) in accounts payable	( 2,000)
Net cash (used) by operating activities and net decrease in cash	( 6,727)
Cash at beginning of year	<u>11,868</u>
Cash at end of year	<u>\$ 5,141</u>

See accompanying notes and independent auditor's report.

CITY OF MECHANICVILLE TOWN OF STILLWATER  
INDUSTRIAL DEVELOPMENT AGENCY  
Notes to Financial Statements  
December 31, 2009

1. Organization and Significant Accounting Policies

Business Activity

The City of Mechanicville Town of Stillwater Industrial Development Agency (Agency) was created in 1980 by the respective Boards governing these municipalities under the provisions of General Municipal Law Article 18-A of New York State for the purpose of encouraging economic growth in the City of Mechanicville and Town of Stillwater. The Agency is a component unit of both the municipalities. The governing Boards of those municipalities appoint the Agency's governing board and also account for the Agency's transactions.

Basis of Accounting

The financial statements of the City of Mechanicville Town of Stillwater 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 General Municipal Law, Section 859, in which every Industrial Development Agency is required to make an annual financial report. The most significant difference between the regulatory basis of accounting and generally accepted accounting principles (GAAP) is that the 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 would require significant additional changes including:

- . Government-Wide Reporting
- . Focus on Funds
- . Changes in Budgetary Reporting
- . Full Accrual Accounting Including Depreciation
- . Management Discussion and Analysis
- . Capitalization of Infrastructure Assets

Management has considered adopting GASB 34 and determined that auditing the financial statements utilizing the Comprehensive Basis of Accounting as prescribed by the State Comptroller as described above, as opposed to GAAP, makes fiscal sense for the Agency.

Income Taxes

The Agency operates as an independent entity and is exempt from Federal, New York State and local income taxes.

See independent auditors' report.

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CITY OF MECHANICVILLE TOWN OF STILLWATER  
INDUSTRIAL DEVELOPMENT AGENCY  
Notes to Financial Statements, Continued  
December 31, 2009

2. Industrial Revenue Bond and Note Transactions

All of the 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 State. The Agency does not record assets or liabilities resulting from completed bond and note issues in its accounts because 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 conduit financing service, the Agency receives application bond administration fees from the borrowing companies. Such administrative fee income is recognized upon application or the closing and issuance of bonds, notes or straight lease transactions. At December 31, 2009 there were no bonds and notes (issued in the name of the Agency) on open projects.

The Agency has not issued any of its own obligations through December 31, 2009.

3. Investment of Cash

The Agency's investment policies are governed by New York Statutes, as well as the Agency's own investment policy. Agency monies must be deposited in FDIC insured commercial banks or trust companies located in New York State in demand, savings, money market accounts and certificates of deposit. Collateral is required for all invested funds not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and the State and its localities.

Deposits at December 31, 2009 totaling \$5,141 were covered by FDIC insurance.

4. Annual Report Filing

The Agency is required to file an annual report in a specific on-line format called the Public Authorities Reporting Information System (PARIS). Such report is filed with the State budget agency which oversees the operations of various State authorities, including Industrial Development Agencies.

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See independent auditor's report.

CITY OF MECHANICVILLE TOWN OF STILLWATER  
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Notes to Financial Statements, Continued  
December 31, 2009

4. Annual Report Filing (continued)

Supplemental information in the annual report filing for project data including general project information, project location, applicant information as well as certain project employment information is available from initial data provided to the Agency by the project companies. Current project employment at December 31, 2009 and construction jobs during 2009 for projects in the construction phase are also provided by the project companies. Property tax exemptions and PILOTS paid are available from the Agency's records.

Conduit debt, if any, is reported based on amounts provided by each project company at December 31, 2009, including increases and payments during the year and conduit debt calendar year end balances. Project companies report the amount of sales tax savings as a result of IDA status for projects in the construction phase and also mortgage recording savings at each project's financial closing and such amounts are included as additional project tax exemptions.

Average estimated salary data is noted as -0- for each project closed in years through the year 2007 because the project companies were not required to provide such data.

The required reporting for straight lease projects was revised to annual lease payment as the reporting did not require annual lease payment be provided for projects closed through 2007. One project which closed during 2009 represents an addition for a previous project company.

See independent auditors' report.