



March 31, 2011

Board of Directors
City of Troy Industrial Development Authority
1776 Sixth Avenue
Troy, New York 12180

Dear Members of the Board:

We are pleased to present this report related to our audit of the financial statements of the City of Troy Industrial Development Authority (Authority) for the year ended December 31, 2010. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Authority's financial reporting process.

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. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the Authority.

Very truly yours,

BOLLAM, SHEEDY, TORANI & CO. LLP

William C. Freitag, Partner

WCF/dmc

CITY OF TROY INDUSTRIAL DEVELOPMENT AUTHORITY
COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE
Year Ended December 31, 2010

The American Institute of Certified Public Accountants issued Statement on Auditing Standards No. 114 titled, *The Auditor's Communication to Those Charged With Governance*, which requires that we communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes these communications.

Auditor's Responsibility Under Professional Standards

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated January 11, 2011.

Accounting Practices

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Authority. The Authority did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Alternative Treatments Discussed with Management

We did not discuss with management any alternative treatments within accounting principles generally accepted in the United States of America for accounting policies and practices related to material items during the current audit period.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates is in the attached Exhibit A, Summary of Accounting Estimates.

Financial Statement Disclosures

In our meetings with you, we discussed the following item as it relates to the neutrality, consistency, and clarity of the disclosures in the financial statements:

- Note 1 to the Authority's December 31, 2010, financial statements discusses the significant accounting policies used by the Authority.

Audit Adjustments

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

Unposted Adjustments

There were no unposted adjustments noted during our audit of the financial statements.

CITY OF TROY INDUSTRIAL DEVELOPMENT AUTHORITY
COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE
Year Ended December 31, 2010

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

We discussed the receipt of scholarship funds from Rensselaer Polytechnic Institute and the related accounting treatment of the funds.

Difficulties Encountered in Performing the Audit

We did not encounter any difficulties in dealing with management during the audit.

Certain Written Communications Between Management and Our Firm

Copies of certain written communications between our firm and the management of the Authority are attached as Exhibit B.

Significant Deficiencies and Material Weaknesses


Significant deficiencies and material weaknesses are communicated in Schedule of Findings and Responses of the Independent Auditor's Report on Internal Controls over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

We will be pleased to respond to any questions you have about these matters. We appreciate the opportunity to be of continued service to you.

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

Very truly yours,

BOLLAM, SHEEDY, TORANI & CO. LLP



William C. Freitag, Partner

WCF/dmc

CITY OF TROY INDUSTRIAL DEVELOPMENT AUTHORITY

**SUMMARY OF ACCOUNTING ESTIMATES
Year Ended December 31, 2010**

Accounting estimates are an integral part of the preparation of financial statements and are based upon management’s current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the Authority’s December 31, 2010, financial statements:

<u>Area</u>	<u>Accounting Policy</u>	<u>Estimation Process</u>
Accounts Receivable - Allowance for Doubtful Accounts	An allowance is based on a review of the Authority’s outstanding receivables on a regular basis.	Management determines the allowance for doubtful accounts as receivables become delinquent. Management has determined that receivables are fully collectible at December 31, 2010.

CITY OF TROY INDUSTRIAL DEVELOPMENT AGENCY
CERTAIN WRITTEN COMMUNICATIONS BETWEEN
MANAGEMENT AND OUR FIRM
Year Ended December 31, 2010

Management Letter
Representation Letter



March 31, 2011

Mr. Joseph Mazzariello, Treasurer
City of Troy Industrial Development Authority
City Hall
1776 Sixth Avenue
Troy, New York 12180

Dear Joe:

This letter includes a comment and suggestion with respect to a matter that came to our attention in connection with our audit of the financial statements of City of Troy Industrial Development Authority (Authority) for the year ended December 31, 2010. This item is offered as a constructive suggestion to be considered part of the ongoing process of modifying and improving the Authority's practices and procedures.

COMMENTS RELATED TO SAS 99

As required by the Statement on Auditing Standards No. 99, *Consideration of Fraud in a Financial Statement Audit*, we performed certain procedures to inquire as to the existence of any fraudulent activity and of management's opinion regarding the possibility of fraud occurring. As a result of these inquiries, we noted the following:

Bank Statements and Cancelled Checks

Observation: The Authority does not review bank statements and cancelled checks.

Suggestion: The review of bank statements and cancelled checks is the easiest and most efficient method for identifying questionable payments. In order to ensure that management and/or other employees have not made such payments, the Board of Directors should periodically request and review monthly bank statements, ensure that the cancelled checks are included with the bank statements, and review the cancelled checks for propriety.

This letter is solely for the information and use of the management and others within the Authority and is not intended to be and should not be used by anyone other than the specified parties. We appreciate serving the Authority and would be happy to assist you in addressing and implementing the comment and suggestion in this letter.

Very truly yours,

BOLLAM, SHEEDY, TORANI & CO. LLP

William C. Freitag, Partner

WCF/dmc

City of Troy

Industrial Development Authority

March 31, 2011

Bollam, Sheedy, Torani & Co. LLP
26 Computer Drive West
Albany, New York 12205

In connection with your audit of the financial statements of the City of Troy Industrial Development Authority, New York (Authority) as of and for the year ended December 31, 2010, we confirm, that we are responsible for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America (GAAP). We acknowledge that we have provided you the supplemental information attached to the financial statements, which agrees to our records. We understand that the supplemental information is not audited and is not a required part of the financial statements, and such information has been subjected to the auditing procedures applied in relation to the financial statements taken as a whole.

We confirm, to the best of our knowledge and belief, as of the date of your independent auditor's report, the following representations made to you during your audit.

1. The financial statements referred to above are fairly presented in conformity with GAAP. The Authority's accounting principles, and the practices and methods followed in applying them, are as disclosed in the financial statements, and there have been no changes during the year ended December 31, 2010, in the Authority's accounting principles and practices.
2. We have identified for you all organizations that are a part of this reporting entity or with which we have a relationship, as these organizations are defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards.
3. We have made available to you:
 - a. All financial records and related data in existence at any time during the period covered by your audit.
 - b. All minutes of the meetings of the governing board and committees of board members or summaries of actions of recent meetings for which minutes have not yet been prepared.
4. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.
5. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority received in communications from employees, former employees, analysts, regulators, short sellers, or others.

6. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Authority's ability to record, process, summarize, and report financial data.
7. There has been no:
 - a. Fraud involving management or employees who have significant roles in internal control.
 - b. Fraud involving other employees that could have a material effect on the financial statements.
 - c. Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.
8. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
9. The following have been properly reflected and/or disclosed in the financial statements:
 - a. Related party transactions, including those as defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards, and accounts and advances receivable and payable, sale and purchase transactions, transfers, long-term loans, leasing arrangements, and guarantees, all of which have been recorded in accordance with the economic substance of the transactions.
 - b. Restrictions on cash balances and net assets.
10. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made to reduce receivables to their estimated net collectible amounts.
11. There are no:
 - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Federal Environmental Protection Agency or any equivalent state agencies in connection with any environmental contamination.
 - b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement No. 10.
 - c. Guarantees, whether written and/or oral, under which the Authority is contingently liable.
 - d. Agreements to repurchase assets previously sold.
 - e. Security agreements in effect under the Uniform Commercial Code.
 - f. Liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
 - g. Contractual obligations for plant construction or purchase of real property or equipment not included in the liabilities or encumbrances recorded on the books.

- h. Liabilities which are subordinated in any way to any other actual or possible liabilities.
 - i. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements.
 - j. Debt issue provisions.
 - k. Leases or material amounts of rental obligations under long-term leases.
 - l. Authorized but unissued bonds or notes.
 - m. Risk financing activities.
 - n. Concentration of credit risk.
 - o. Derivative financial instruments.
 - p. Assets which have permanently declined in value.
 - q. Uninsured losses or loss retentions (deductibles) attributable to events occurring through December 31, 2010, or expected retroactive insurance premium adjustments applicable to periods through December 31, 2010.
 - r. Pension obligations, post-retirement benefits other than pensions, or deferred compensation agreements attributable to employee services rendered through December 31, 2010.
 - s. Material losses to be sustained in the fulfillment of, or from the inability to fulfill, any service commitments.
 - t. Material losses to be sustained as a result of purchase commitments.
 - u. Environmental clean up obligations.
12. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with GASB Statement No. 10.
13. We have no direct or indirect, legal or moral, obligation for any debt of any organization, public or private, or to special assessment bond holders, that is not disclosed in the financial statements.
14. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
15. We have satisfactory title to all owned assets.
16. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining if we are subject to the requirements of the Single Audit Act and OMB Circular A-133. We have not received, expended, or otherwise been the beneficiary of any federal awards over \$500,000 during the period of this audit.
17. We are responsible for and agree to the proposed adjustments to the trial balances identified during the audit and will post all adjustments accordingly.

18. We are responsible for determining that significant events or transactions that have occurred since the statement of net assets date and through March 31, 2011, have been recognized or disclosed in the financial statements. No events or transactions have occurred subsequent to the statement of net assets date and through March 31, 2011, that would require recognition or disclosure in the financial statements.
19. We are responsible for establishing and maintaining effective internal control over financial reporting and compliance. We are not aware of any material internal control weaknesses or significant deficiencies other than those communicated in the Schedule of Findings and Responses of the Independent Auditor's Report on Internal Controls over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated March 31, 2011, that should be reported.
20. We have responded fully to all inquiries made to us by you during your audit.
21. During the course of your audit, you may have accumulated records containing data which should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.
22. The undersigned have overseen the services provided by BST Advisors, LLC and have established and maintained internal controls, including the monitoring of ongoing activities related to adjusting journal entries and assistance in the drafting of financial statements.

Very truly yours,



Sondra A. Little
Executive Secretary
TROY INDUSTRIAL DEVELOPMENT AUTHORITY

Very truly yours,



Joseph Mazzarello, Treasurer
TROY INDUSTRIAL DEVELOPMENT AUTHORITY