

**TOWN OF COLONIE
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Town of Colonie, New York)**

FINANCIAL REPORT

December 31, 2010 and 2009

**TOWN OF COLONIE
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Town of Colonie, New York)**

FINANCIAL REPORT

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BOLLAM, SHEEDY, TORANI & CO. LLP
Certified Public Accountants
Albany, New York

INDEPENDENT AUDITOR'S REPORT

Chairman and Agency Board
Town of Colonie Industrial Development Agency
Colonie, New York

We have audited the accompanying statements of net assets of the Town of Colonie Industrial Development Agency (Agency), a component unit of the Town of Colonie, New York, as of December 31, 2010 and 2009, and the related statements of revenues, expenses, and changes in net assets, and cash flows 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 auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller 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 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 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 Town of Colonie Industrial Development Agency as of December 31, 2010 and 2009, and the changes in its financial position and its cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 2 through 5 is not required as part of the financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2011, on our consideration of the Town of Colonie 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 our audit.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information presented on page 14 is for 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 audits 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.

Bollam Sheedy Torani & Co LLP

Albany, New York
March 21, 2011

**TOWN OF COLONIE
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Town of Colonie, New York)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010 and 2009**

The following Management's Discussion and Analysis (MD&A) provides an introduction and overview to the financial activities and performance of the Town of Colonie Industrial Development Agency (Agency) for the years ended December 31, 2010 and 2009, as mandated by Governmental Accounting Standards Board Statement No. 34. This information should be reviewed in conjunction with the basic financial statements of the Agency.

Overview of Financial Statements

The Agency's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Agency is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and are depreciated over their useful lives. See notes to the financial statements for a summary of the Agency's significant accounting policies.

The *Statements of Net Assets* present information on the Agency's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of the Agency's financial position.

The *Statements of Revenues, Expenses, and Changes in Net Assets* present information showing how the Agency's net assets changed during the most recent years. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows in future periods.

The *Statements of Cash Flows* relate to the flows of cash and cash equivalents. Consequently, only transactions that affect the Agency's cash accounts are recorded in these statements. A reconciliation is provided at the bottom of the statements of cash flows to assist in the understanding of the difference between cash flows from operating activities and operating income.

In addition to the basic financial statements and accompanying notes, this report also presents the *Supplemental Schedule of Indebtedness*.

Financial Highlights

- The Agency's net assets decreased \$347,003 from December 31, 2009 to 2010, as compared to a decrease of \$27,681 from December 31, 2008 to 2009. The decrease in the overall change in net assets was due principally to the Agency's alternative energy grant program as well as a technology grant to the Town. The Agency continued to incur significant legal and engineering fees related to the review and evaluation of environmental clean-up issues at the Adirondack Steel Site and similar fees related to the Winding Creek Bike Path project.
- In 2010, the Agency issued five alternative energy grants of \$25,000 each for the installation of solar power systems to businesses within the community. The technology improvement grant was given to the Town of Colonie Building and Planning Departments to enhance the Town's commercial building processes.
- The principal sources of revenue for the Agency are fees collected at the rate of one half of one percent of the project cost plus a \$250 application fee. In 2010, the Agency's total income from the fees was \$16,250 compared to \$123,415 in 2009. This is a result of timing in economic activity projects during 2010. These fees are expected to increase again in 2011 as preliminary projects move through the process.
- The Agency continues under an agreement with the Albany-Colonie Regional Chamber of Commerce to manage the Town of Colonie Small Business Entrepreneurial Loan Program. In 2010, the Agency paid \$2,660 to the Albany-Colonie Regional Chamber of Commerce for management of this program and at December 31, 2010, the program had a net loan receivable balance of \$77,795.

**TOWN OF COLONIE
INDUSTRIAL DEVELOPMENT AGENCY
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010 and 2009**

Financial Analysis of the Agency

The table below presents condensed financial information derived from the Agency's financial statements as of December 31, 2010, 2009, and 2008.

Condensed Statement of Net Assets

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>Increase (Decrease) 2010-2009</u>	<u>Increase (Decrease) 2009-2008</u>
ASSETS					
Current assets	\$ 2,135,070	\$ 2,373,541	\$ 2,273,493	\$ (238,471)	\$ 100,048
Non-current assets	<u>71,902</u>	<u>119,175</u>	<u>213,567</u>	<u>(47,273)</u>	<u>(94,392)</u>
Total assets	<u>\$ 2,206,972</u>	<u>\$ 2,492,716</u>	<u>\$ 2,487,060</u>	<u>\$ (285,744)</u>	<u>\$ 5,656</u>
LIABILITIES AND NET ASSETS					
Total liabilities	<u>\$ 95,220</u>	<u>\$ 33,961</u>	<u>\$ 624</u>	<u>\$ 61,259</u>	<u>\$ 33,337</u>
NET ASSETS					
Invested in capital assets	30,929	37,358	43,787	(6,429)	(6,429)
Restricted	198,756	211,941	207,659	(13,185)	4,282
Unrestricted	<u>1,882,067</u>	<u>2,209,456</u>	<u>2,234,990</u>	<u>(327,389)</u>	<u>(25,534)</u>
Total net assets	<u>2,111,752</u>	<u>2,458,755</u>	<u>2,486,436</u>	<u>(347,003)</u>	<u>(27,681)</u>
Total liabilities and net assets	<u>\$ 2,206,972</u>	<u>\$ 2,492,716</u>	<u>\$ 2,487,060</u>	<u>\$ (285,744)</u>	<u>\$ 5,656</u>

The overall decrease in net assets is due to normal operating activities related to the Agency's efforts to support economic development within the Town of Colonie, as mandated by New York State Law.

Current assets decreased \$238,471 at December 31, 2010, compared to an increase of \$100,048 at December 31, 2009, while non-current assets decreased \$47,273 at December 31, 2010, compared to \$94,392 at December 31, 2009. The 2009 changes were essentially the result of Colonie Ventures, Inc.'s prepayment of a mortgage note held by the Agency.

The 2010 decrease in current assets resulted from the operating loss generated by the Agency in conjunction with the distribution of the alternative energy and technology grants, which totaled \$173,600. The change in the non-current assets resulted from the activities of the Small Business Entrepreneurial Loan Program.

Accounts and accrued payables increased \$61,259 at December 31, 2010, due to the timing of certain payments at year end related to legal and engineering fees incurred by the Agency. A significant portion, \$50,000, of the increase was for two alternative energy grants approved near year end.

**TOWN OF COLONIE
INDUSTRIAL DEVELOPMENT AGENCY
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010 and 2009**

The table below presents condensed financial information derived from the financial statements of the Agency for the years ended December 31, 2010, 2009, and 2008.

Condensed Statement of Activities

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>Increase (Decrease) 2010-2009</u>	<u>Increase (Decrease) 2009-2008</u>
Revenues					
Administrative fees	\$ 15,500	\$ 122,665	\$ 76,626	\$ (107,165)	\$ 46,039
Application income	750	750	250	-	500
Refund of prior year expenses	5,011	-	-	5,011	-
Interest income	16,044	23,960	64,475	(7,916)	(40,515)
Total revenue	<u>37,305</u>	<u>147,375</u>	<u>141,351</u>	<u>(110,070)</u>	<u>6,024</u>
Expenses					
Administrative expenses	21,910	22,374	16,809	(464)	5,565
Alternative energy grants	125,000	-	-	125,000	-
Bad debts expense	16,413	-	-	16,413	-
Depreciation	6,429	6,429	6,429	-	-
Economic development costs	19,926	8,426	7,926	11,500	500
Management fees	48,306	45,806	45,806	2,500	-
New York State assessment	4,196	5,011	-	(815)	5,011
Professional fees	93,528	87,010	12,500	6,518	74,510
Technology Grants	48,600	-	-	48,600	-
Total expenses	<u>384,308</u>	<u>175,056</u>	<u>89,470</u>	<u>209,252</u>	<u>85,586</u>
Excess (deficiency) of revenue over expenses	<u>\$ (347,003)</u>	<u>\$ (27,681)</u>	<u>\$ 51,881</u>	<u>\$ (319,322)</u>	<u>\$ (79,562)</u>

Activities for the Years Ended 2010 and 2009

Fees for services decreased \$107,165 in 2010 as compared to an increase of \$46,039 in 2009. This was a result of a decrease in contract fees received, which is tied to the timing of economic activity projects.

Interest earnings decreased in 2010 by \$7,916 as compared to a larger decrease of \$40,515 in 2009. The decrease in interest income was principally due to the stabilization of general economic conditions, including actions by the Federal Reserve to maintain lower interest rates.

Professional fees increased in 2010 by \$6,518 as compared to a \$74,510 increase in 2009. The Agency continued to incur significant legal and engineering fees related to the evaluation of environmental clean-up of the Adirondack Steel site during 2010 and began incurring engineering fees related to the Winding Creek Bike Path project.

Administrative expenses decreased in 2010 by \$464 as compared to a \$5,565 increase in 2009. During 2010 it was also determined that one of the Small Business Entrepreneurial loans had become uncollectible. Therefore, an allowance for the uncollectible loan was established resulting in a bad debt expense of \$16,413. Management fees increased by \$2,500 during 2010, for the first time since 2008 based on an updated annual services agreement between the Agency and the Town of Colonie.

The Agency also issued \$125,000 in alternative energy grants for the installation of solar power systems to five businesses within the Town of Colonie. The solar power systems are expected to provide these businesses the ability to reinvest projected savings to enhance their businesses. A \$48,600 technology grant to the Town of Colonie Building and Planning Departments to improve the commercial building process was also issued in 2010.

Economic development increased in 2010 by \$11,500 after remaining stable in 2009. In 2010 the Agency paid matching funds for improvement studies on the Route 32 and Railroad Avenue corridors totaling \$12,000 and made the final payment on the Advancing Tech Valley pledge. In 2009 the annual payment on the Advancing Tech Valley pledge accounted for all but \$500 of the economic development costs.

**TOWN OF COLONIE
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Town of Colonie, New York)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010 and 2009**

Contacting the Agency's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the funds it receives. If you have any questions about this report or need additional financial information, contact Craig T. Blair, Comptroller, at Colonie Town Hall, 534 Loudon Road, Latham, New York 12110.

**TOWN OF COLONIE
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Town of Colonie, New York)**

STATEMENTS OF NET ASSETS

	December 31,	
ASSETS	2010	2009
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,964,707	\$ 2,238,417
Accounts receivable	5,678	-
Prepaid expenses	6,902	5,000
Restricted assets		
Cash, restricted for revolving loan fund	120,770	104,141
Accrued interest	191	247
Loans receivable, current portion	36,822	25,736
Total current assets	2,135,070	2,373,541
CAPITAL ASSETS, net	30,929	37,358
OTHER ASSETS, less current portion		
Restricted assets		
Loans receivable, net	40,973	81,817
	\$ 2,206,972	\$ 2,492,716
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 89,802	\$ 33,961
Accrued payables	5,418	-
Total current liabilities	95,220	33,961
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Invested in capital assets	30,929	37,358
Restricted for revolving loan fund	198,756	211,941
Unrestricted	1,882,067	2,209,456
	2,111,752	2,458,755
	\$ 2,206,972	\$ 2,492,716

The accompanying Notes to Financial Statements are an integral part of these statements.

**TOWN OF COLONIE
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Town of Colonie, New York)**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

	Years Ended December 31,	
	2010	2009
OPERATING INCOME		
Administrative fees	\$ 15,500	\$ 122,665
Application income	750	750
Refund of prior year administrative services assessment	5,011	-
	21,261	123,415
 OPERATING EXPENSES		
Administrative fees	2,660	3,577
Alternative energy grants	125,000	-
Association dues	7,600	7,600
Bad debt expense	16,413	-
Building security and utilities	1,726	-
Conferences	2,495	5,284
Depreciation	6,429	6,429
Dues and subscription	750	1,020
Economic development costs	19,926	8,426
Insurance fees	3,744	1,800
Legal fees	23,331	57,674
Management fees	48,306	45,806
New York State administrative services assessment	4,196	5,011
Postage, office supplies, and other	2,935	3,093
Professional fees	70,197	29,336
Technology grant	48,600	-
	384,308	175,056
Operating loss	(363,047)	(51,641)
 OTHER INCOME		
Interest income	16,044	23,960
	16,044	23,960
Deficiency of revenues over expenses	(347,003)	(27,681)
 NET ASSETS, beginning of year	2,458,755	2,486,436
 NET ASSETS, end of year	\$ 2,111,752	\$ 2,458,755

The accompanying Notes to Financial Statements are an integral part of these statements.

**TOWN OF COLONIE
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Town of Colonie, New York)**

STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	<u>2010</u>	<u>2009</u>
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Receipts from customers	\$ 16,249	\$ 123,415
Payments to vendors	(302,775)	(135,290)
	<u>(286,526)</u>	<u>(11,875)</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Interest income earned	16,100	25,840
Issuances of revolving loan fund	(10,000)	(59,995)
Payments on revolving loan fund	23,345	46,116
Payment on mortgage receivable	-	106,264
Decrease in cash restricted for loan fund	(16,629)	7,717
	<u>12,816</u>	<u>125,942</u>
Net increase (decrease) in cash and cash equivalents	(273,710)	114,067
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	<u>2,238,417</u>	<u>2,124,350</u>
CASH AND CASH EQUIVALENTS, <i>end of year</i>	<u>\$ 1,964,707</u>	<u>\$ 2,238,417</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss	\$ (363,047)	\$ (51,641)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities		
Bad debt expense	16,413	-
Depreciation	6,429	6,429
Increase in		
Accounts receivable	(5,678)	-
Prepaid expenses	(1,902)	-
Accounts payable	55,841	33,961
Accrued expenses	5,418	(624)
	<u>\$ (286,526)</u>	<u>\$ (11,875)</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

**TOWN OF COLONIE
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Town of Colonie, New York)**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization and Purpose

The Industrial Development Agency of the Town of Colonie (Agency) was created in 1977 by the Town of Colonie (Town) under the provisions of Chapter 232 of the 1977 Laws of New York State for the purpose of encouraging growth in the Town. The Agency is exempt from federal, state, and local income taxes. The Agency, although established by and reported as a component of the Town, is a separate entity and operates independently of the Town. Agency members have complete responsibility for management of the Agency and accountability for fiscal matters. The Town, the Agency, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows.

b. Basis of Accounting

The accounts of the Agency are maintained in a single proprietary fund on the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) for government entities. The Governmental Accounting Standards Board (GASB) is the primary standard-setting body for establishing governmental accounting and financial reporting principles.

c. Fair Value Measurement

Fair value is defined as an exchange price that would be received for an asset or paid to transfer a liability (an "exit" price) in the principal or most advantageous market for the asset or liability between market participants on the measurement date.

d. Receivables

Receivables consist of trade receivables and loans. Trade receivables are carried at original invoice amount. Management considers trade receivables to be fully collectible; accordingly, there is no allowance for doubtful accounts.

Loans are carried at amortized amounts, based on paydown of principal. Management records an allowance on loans and mortgages based on a review of the outstanding loan and/or mortgage balances and its collection history. Management considered loans receivable to be fully collectible at December 31, 2009. An allowance for uncollectible loans receivable was established as of December 31, 2010, in the amount of \$16,413.

e. Capital Assets

Capital assets acquired by the Agency are stated at cost including interest capitalized during construction when applicable. Depreciation is recognized on a straight-line basis over the estimated useful lives of the assets.

<u>Description</u>	<u>Estimated Life</u>
Building and improvements	5-30 years
Furniture and equipment	10 years

**TOWN OF COLONIE
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**NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

f. Pass-Through Grants

The Agency is essentially a pass-through agent for certain grants made by the New York State Department of Economic Development for the benefit of a third party. During the year ended 2009, the Crumb Rubber Company received pass-through grants of \$337,500. No such grants occurred during 2010.

g. Net Assets

Net assets are presented in the following categories:

Invested in capital assets - Consists of capital assets, net of accumulated depreciation.

Restricted for revolving loan fund - Consists of loans receivable and a cash account restricted for use by the Revolving Loan Fund (Note 6).

Unrestricted - Consists of all other net assets that do not meet the definition of “invested in capital assets” or “restricted for revolving loan fund.”

h. Use of Estimates

The preparation of financial statements in conformity 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 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.

i. Subsequent Events

In preparing the financial statements and notes thereto, the Agency considered subsequent events through March 21, 2011, the date the financial statements were available to be issued.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	December 31,	
	2010	2009
Cash in checking accounts	\$ 71,044	\$ 179,908
Cash in money market account	1,893,663	2,058,509
Total cash	<u>\$ 1,964,707</u>	<u>\$ 2,238,417</u>
Cash - restricted for revolving loan fund	<u>\$ 120,770</u>	<u>\$ 104,141</u>

**TOWN OF COLONIE
INDUSTRIAL DEVELOPMENT AGENCY
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**NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 2 - CASH AND CASH EQUIVALENTS - Continued

Restricted cash consists of funds held for use in the Agency's revolving loan fund. The Agency's investment policies are governed by State statutes. In addition, the Agency has its own written investment policy. Agency monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, obligations of New York State or its localities, and Certificates of Participation.

In accordance with the provisions of Section 10 of the General Municipal Law of New York State, all Agency deposits, including certificates of deposit and special time deposits in excess of the amount insured under the provisions of the Federal Deposit Insurance Act, shall be collateralized by a pledge of eligible securities, letters of credit, or surety bonds. As of December 31, 2010 and 2009, the collateral was sufficient to secure the Agency's deposits.

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the federal government.

All investment obligations shall be payable or redeemable at the option of the Agency within such times as the proceeds will be needed to meet expenditures for purposes for which the monies were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of the Agency within two years of the date of purchase.

NOTE 3 - CAPITAL ASSETS

Capital assets held were as follows:

	December 31,			
	2009	Additions	Disposal	
Capital assets, not being depreciated				
Land	\$ 4,893	\$ -	\$ -	\$ 4,893
Capital assets being depreciated				
Building and improvements	221,224	-	-	221,224
Furniture and equipment	8,725	-	-	8,725
Total	<u>229,949</u>	<u>-</u>	<u>-</u>	<u>229,949</u>
Less accumulated depreciation for				
Building and improvements	(188,759)	(6,429)	-	(195,188)
Furniture and equipment	(8,725)	-	-	(8,725)
Total	<u>(197,484)</u>	<u>(6,429)</u>	<u>-</u>	<u>(203,913)</u>
Total capital assets being depreciated, net	<u>32,465</u>	<u>(6,429)</u>	<u>-</u>	<u>26,036</u>
Capital assets, net	<u>\$ 37,358</u>	<u>\$ (6,429)</u>	<u>\$ -</u>	<u>\$ 30,929</u>

NOTE 4 - RELATED PARTY TRANSACTIONS

The Comptroller's office and the Department of Planning and Economic Development of the Town provide staff support and office space to the Agency. Under the terms of an annual agreement, the Agency paid the Town \$48,306 and \$45,806 for support services for the years ended December 31, 2010 and 2009, respectively.

TOWN OF COLONIE
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Town of Colonie, New York)

NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 5 - INDUSTRIAL REVENUE BOND AND NOTE TRANSACTIONS

Certain industrial development revenue bonds, notes, and straight leases issued by the Agency are secured by property which is leased to companies and is retired by these payments. The bonds, notes, and straight leases are not obligations of the Agency or the Town. The Agency does not record the assets or liabilities resulting from completed bonds, notes, and straight leases issued in its accounts, since its primary function is to arrange the financing between the borrowing companies and the bonds, notes, and lease holders, and funds arising there from are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives administration fees from the borrowing companies. Such administrative fee income is recognized upon issuance of bonds, notes, and leases. In 2010 and 2009, there were no new issuances of industrial revenue bonds. Industrial revenue bonds outstanding at December 31, 2010 and 2009, were \$13,261,292 and \$23,800,085, respectively.

NOTE 6 - REVOLVING LOAN FUND

The Agency established the Town of Colonie Small Business Revolving Loan Trust Fund (Fund), which is administered by the Albany-Colonie Regional Chamber of Commerce (Chamber) for the purpose of providing loans to qualified small businesses. The Chamber is authorized and empowered to make loan commitments not to exceed \$25,000 to a single qualified borrower and to advance loan proceeds from the Fund. The Agency pays the Chamber an administrative fee, from interest income, for its services in connection with the Fund. Any and all other interest earned by the Fund becomes part of the principal of the Fund to be used to make additional loans. Principal payments from borrowers are also returned to the Fund.

During 2010, the Fund issued one loan of \$10,000 and a line-of-credit note of \$15,000. The Fund received repayments of \$23,345 and \$46,116 in principal and \$5,219 and \$7,144 in interest income during 2010 and 2009, respectively. Administrative fees of \$2,660 and \$3,577 during 2010 and 2009, respectively, were paid to the Chamber. At December 31, 2010 and 2009, the Chamber held \$94,208 and \$107,553 in loans receivable in trust for the Agency. At December 31, 2010, an allowance for uncollectible loans was established in the amount of \$16,413, as the Chamber and Agency determined one loan to be potentially uncollectible.

NOTE 7 - MORTGAGE RECEIVABLE

During 2005, the Agency sold property occupied by the U.S. Postal Service to Colonie Ventures, Inc. for \$122,000. The purchase was financed by the Agency with a 20-year mortgage for \$122,000 with a 5% annual interest rate. Payments were scheduled to be made the first day of every month beginning on January 1, 2005 through December 31, 2024. During May 2009, Colonie Ventures, Inc. elected to repay the mortgage plus any accrued interest, in full. The mortgage had no pre-payment penalties.

Interest income earned on the mortgage receivable was \$1,864 for the year ended December 31, 2009.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

During 2006, the Agency pledged \$39,629 to Advancing Tech Valley to make annual installments of \$7,926 over five years. Advancing Tech Valley is a joint venture between the Albany-Colonie Regional Chamber of Commerce and the Center for Economic Growth. As of December 31, 2010, the Agency has fully satisfied its pledge obligation.

**TOWN OF COLONIE
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Town of Colonie, New York)**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 8 - COMMITMENTS AND CONTINGENCIES - Continued

The Colonie Youth Center, Inc. provides a location for youths in the community to participate in various activities. The Agency leased a building to the Colonie Youth Center, Inc. under a five-year lease which expired December 31, 2009. Under the terms of the lease, the Colonie Youth Center, Inc. paid rent of \$1.00 per year and was responsible for all normal operating expenses and minor repairs. The Colonie Youth Center, Inc. decided not to renew the lease agreement and vacated the property during 2010. As of December 31, 2010, the building remains unoccupied.

NOTE 9 - NEW ACCOUNTING PRONOUNCEMENTS

In December 2010, the GASB issued GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting pronouncements issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

This statement also supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989, FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this statement.

GASB Statement No. 62 is effective for financial statements for periods beginning after December 15, 2011; however, early adoption is encouraged. The Agency has not yet adopted this statement.

**TOWN OF COLONIE
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Town of Colonie, New York)
SUPPLEMENTAL INFORMATION
SCHEDULE OF INDEBTEDNESS**

Project Description	Original Issue Amount	Original Issue Date	Current Interest Rate	Outstanding January 1, 2010	Issued During 2010	Principal Payments/ Refinance 2010	Outstanding December 31, 2010	Final Maturity Date
22 Corporate Woods Blvd.	\$ 30,000,000	03/93	7.63%	\$ 13,863,454	\$ -	\$ 952,162	\$ 12,911,292	3/1/2019
Saint Gregory's School	1,300,000	09/98	5.75%	350,000	-	-	350,000	9/1/2018
Colonie Youth Center, Inc.	9,800,000	12/07	3.00%	9,586,631	-	9,586,631	-	7/25/2029
				\$ 23,800,085	\$ -	\$ 10,538,793	\$ 13,261,292	

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND ON OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Chairman and Agency Board
Town of Colonie Industrial Development Agency
Colonie, New York

We have audited the financial statements of the Town of Colonie Industrial Development Agency (Agency) as of and for the year ended December 31, 2010, and have issued our report thereon dated March 21, 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 Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A deficiency in internal controls 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 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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 10-01 and 10-02.

We noted certain matters that we reported to management of the Agency in a separate letter dated March 21, 2011.

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

Bollam Sheedy Torani & Co LLP

Albany, New York
March 21, 2011

**TOWN OF COLONIE
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Town of Colonie, New York)**

**SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2010**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? _____Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____Yes X None Reported

Noncompliance material to financial statements? _____Yes X No

Section II - Financial Statement Findings

None

Section III - Compliance Findings

10-01. Posting and Maintaining Reports on Public Authority Web Sites

Criteria: The New York State Authority Budget Office (ABO) issued Policy Guidance on April 12, 2010, in response to The Public Authorities Reform Act (PARA) of 2009. This guidance states that effective immediately, public authorities are required to make specific information available to the public through the Internet.

Condition: The Agency was not in compliance with PARA.

Effect: Agency information is not available to the public through the Internet.

Cause: The Agency did not oversee proper maintenance of the shared website.

Recommendation: Using available ABO guidance, the Agency should update its website and schedule periodic maintenance and review to ensure required information is available to the public in a timely manner.

View of Responsible Officials: The Agency is in the process of updating its website to be in compliance with ABO requirements.

10-02. Acknowledgement of Fiduciary Duty

Criteria: The ABO issued Policy Guidance on March 1, 2010, stating that Board members appointed to their positions prior to the effectiveness of PARA and the implementation of this new requirement are required to execute an Acknowledgement of Fiduciary Duty by May 1, 2010.

Condition: The Agency was not in compliance with Section 2824 of Public Authorities Law.

Effect: The Agency did not have the acknowledgement executed by the required date.

Cause: Agency management did not provide Board members with the necessary acknowledgement.

Recommendation: The Agency should provide Board members with the necessary acknowledgement and ensure that all documents have been properly executed.

View of Responsible Officials: The Agency is in the process of obtaining all acknowledgements from Board members.