

**TOWN OF COLONIE
LOCAL DEVELOPMENT CORPORATION**

FINANCIAL REPORT

December 31, 2012 and 2011

**TOWN OF COLONIE
LOCAL DEVELOPMENT CORPORATION**

FINANCIAL REPORT

December 31, 2012 and 2011

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INDEPENDENT AUDITOR'S REPORT

Chairman and Corporation Board
Town of Colonie Local Development Corporation
Colonie, New York

Report on the Financial Statements

We have audited the accompanying statements of net position of the Town of Colonie Local Development Corporation (Corporation), as of and for the years ended December 31, 2012 and 2011, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

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 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 auditor's 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 entity'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 entity'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 financial position of the Town of Colonie Local Development Corporation as of December 31, 2012 and 2011, and the changes in its financial position and its cash flows 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 management's discussion and analysis on pages 3 through 5 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the Corporation's basic financial statements. The schedule of indebtedness is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of indebtedness is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of indebtedness is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 Corporation'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 Corporation's internal control over financial reporting and compliance.

Bollam Sheedy Torani & Co. LLP

Albany, New York
March 18, 2013

**TOWN OF COLONIE
LOCAL DEVELOPMENT CORPORATION**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012 and 2011**

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 Local Development Corporation (Corporation) for the years ended December 31, 2012 and 2011, in accordance with the Governmental Accounting Standards Board (GASB) Statement No. 34. This information should be reviewed in conjunction with the financial statements of the Corporation.

Overview of Financial Statements

The Corporation's financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America promulgated by the GASB. The Corporation 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, if any, are capitalized and are depreciated over their useful lives. See notes to the financial statements for a summary of the Corporation's significant accounting policies.

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

The *Statements of Revenues, Expenses, and Changes in Net Position* present information showing how the Corporation's net position changed during the most recent years. All changes in net position 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 reported in these statements for some items will result in cash flows in future periods.

The *Statements of Cash Flows* relate to the flows of cash. Consequently, only transactions that affect the Corporation's cash accounts are recorded in these statements. A reconciliation is provided at the bottom of the statement 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 *Supplementary Schedule of Indebtedness*.

Financial Highlights

In 2010, the Corporation was formed and began discussing strategies to support economic activity in the Town of Colonie (Town) which is not permissible within the Town of Colonie Industrial Development Agency (Agency). In December 2011, the Corporation successfully closed its first development project, The Shaker Pointe at Carondelet, with the issuance of \$10 million in Multi-Modal Revenue Bonds. The project generated \$100,250 in fees for the Corporation. The Shaker Pointe at Carondelet project provides a full service retirement residence community. No projects were brought before the Corporation for action during 2012.

Since inception, the Corporation had been aided by the Agency through cash flow advances to allow it to reach the point of closing on a development project. As of December 31, 2011, the Corporation owed the Agency approximately \$16,300 in legal fees, insurance, and publication costs. These advances were fully repaid by the Corporation in January 2012. Since December 2011, the Corporation has been fully supported by its own revenues.

Financial Analysis of the Corporation

The tables below present condensed financial information derived from the Corporation's financial statements as of and for the years ended December 31, 2012, 2011, and 2010.

**TOWN OF COLONIE
LOCAL DEVELOPMENT CORPORATION**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012 and 2011**

Financial Analysis of the Corporation - Continued

Condensed Statements of Net Position

	<u>December 31,</u>			<u>Increase (Decrease) 2012-2011</u>	<u>Increase (Decrease) 2011-2010</u>
	<u>2012</u>	<u>2011</u>	<u>2010</u>		
	<u>(Audited)</u>	<u>(Audited)</u>	<u>(Compiled)</u>		
ASSETS					
Current assets	\$ 82,994	\$ 101,411	\$ 859	\$ (18,417)	\$ 100,552
Total assets	<u>\$ 82,994</u>	<u>\$ 101,411</u>	<u>\$ 859</u>	<u>\$ (18,417)</u>	<u>\$ 100,552</u>
LIABILITIES AND NET POSITION					
LIABILITIES	\$ 3,240	\$ 16,294	\$ 11,082	\$ (13,054)	\$ 5,212
NET POSITION					
Unrestricted	79,754	85,117	(10,223)	(5,363)	95,340
Total net position	<u>79,754</u>	<u>85,117</u>	<u>(10,223)</u>	<u>(5,363)</u>	<u>95,340</u>
Total liabilities and net position	<u>\$ 82,994</u>	<u>\$ 101,411</u>	<u>\$ 859</u>	<u>\$ (18,417)</u>	<u>\$ 100,552</u>

Condensed Statements of Activities

	<u>Years Ended December 31,</u>			<u>Increase (Decrease) 2012-2011</u>	<u>Increase (Decrease) 2011-2010</u>
	<u>2012</u>	<u>2011</u>	<u>2010</u>		
	<u>(Audited)</u>	<u>(Audited)</u>	<u>(Compiled)</u>		
Revenues					
Administrative fees	\$ -	\$ 100,000	\$ -	\$ (100,000)	\$ 100,000
Application income	-	250	-	(250)	250
Interest income	41	-	-	41	-
Total revenue	<u>41</u>	<u>100,250</u>	<u>-</u>	<u>(100,209)</u>	<u>100,250</u>
Expenses					
Administrative expenses	4,164	1,863	1,236	2,301	627
Professional fees	1,240	3,047	8,987	(1,807)	(5,940)
Total expenses	<u>5,404</u>	<u>4,910</u>	<u>10,223</u>	<u>494</u>	<u>(5,313)</u>
Change in net position	<u>\$ (5,363)</u>	<u>\$ 95,340</u>	<u>\$ (10,223)</u>	<u>\$ (100,703)</u>	<u>\$ 94,937</u>

As previously noted in the financial highlights section, 2011 marked the Corporation's first year of substantial activity culminating in the closing of its first development project in December 2011. The Shaker Pointe at Carondelet project resulted in the issuance of a \$10 million bond which provided the Corporation with its fee revenue for 2011. No projects were brought before the Corporation for consideration during 2012.

The annual fees for services are tied to the size and timing of economic activity projects, so will, therefore, fluctuate from year to year depending upon this activity. During 2012, the Corporation's expenses were primarily for liability insurance and annual management fee.

The revenue generated in 2011 provided the Corporation with funds to repay the Agency for the \$16,294 related entity liability. This liability resulted from the Agency paying the start-up and basic operating costs of the Corporation since its inception. During 2012, the Corporation repaid this advance and covered its own cost of operations, and is expected to continue to cover its costs going forward.

**TOWN OF COLONIE
LOCAL DEVELOPMENT CORPORATION**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2012 and 2011**

Contacting the Corporation's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Corporation's finances and to demonstrate the Corporation'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
LOCAL DEVELOPMENT CORPORATION**

STATEMENTS OF NET POSITION

		December 31,	
		2012	2011
ASSETS			
CURRENT ASSETS			
Cash	\$	81,833	\$ 100,250
Prepaid expenses		1,161	1,161
Total current assets		\$ 82,994	\$ 101,411
LIABILITIES AND NET POSITION			
LIABILITIES			
Accounts payable	\$	1,240	\$ -
Accrued expenses		2,000	-
Due to related entity		-	16,294
Total current liabilities		3,240	16,294
NET POSITION			
Unrestricted		79,754	85,117
		\$ 82,994	\$ 101,411

**TOWN OF COLONIE
LOCAL DEVELOPMENT CORPORATION**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	<u>Years Ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
OPERATING REVENUES		
Administrative fees	\$ -	\$ 100,000
Application income	-	250
	<u>-</u>	<u>100,250</u>
OPERATING EXPENSES		
Insurance fees	2,143	1,841
Legal fees	-	3,047
Management fees	2,000	-
Postage, office supplies, and other	21	22
Professional fees	1,240	-
	<u>5,404</u>	<u>4,910</u>
Operating income (loss)	(5,404)	95,340
OTHER INCOME		
Interest income	41	-
	<u>41</u>	<u>-</u>
Change in net position	(5,363)	95,340
NET POSITION, <i>beginning of year</i>	<u>85,117</u>	<u>(10,223)</u>
NET POSITION, <i>end of year</i>	<u>\$ 79,754</u>	<u>\$ 85,117</u>

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

**TOWN OF COLONIE
LOCAL DEVELOPMENT CORPORATION**

STATEMENTS OF CASH FLOWS

	<u>Years Ended December 31,</u>	
	<u>2012</u>	<u>2011</u>
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Receipts from customers	\$ -	\$ 100,250
Payments to vendors	(2,164)	(5,212)
	<u>(2,164)</u>	<u>95,038</u>
CASH FLOWS PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES		
Related party advances (repayments)	<u>(16,294)</u>	<u>5,212</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Interest income earned	<u>41</u>	<u>-</u>
Net increase (decrease) in cash	(18,417)	100,250
CASH, beginning of year	<u>100,250</u>	<u>-</u>
CASH, end of year	<u>\$ 81,833</u>	<u>\$ 100,250</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (5,404)	\$ 95,340
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Increase in prepaid expenses	-	(302)
Increase in		
Accounts payable	1,240	-
Accrued expenses	2,000	-
	<u>(2,164)</u>	<u>95,038</u>

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

**TOWN OF COLONIE
LOCAL DEVELOPMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011**

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Business Organization

The Town of Colonie Local Development Corporation (Corporation) was created in 2010 by the Town of Colonie (Town) under Sections 402 and 1411 of the Not-for-Profit Corporation Law of New York State for the purpose of encouraging growth in the Town. The Corporation is exempt from federal, state, and local income taxes. The Corporation, although established by the Town, is a separate entity and operates independently of the Town. Corporation members have complete responsibility for management of the Corporation and accountability for fiscal matters. The Town, the Corporation, 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 Corporation 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 (U.S. GAAP) for government entities. The Governmental Accounting Standards Board (GASB) is the primary standard-setting body for establishing governmental accounting and financial reporting principles.

Revenues are recognized when earned, and expenses are recognized when incurred. The Corporation distinguishes operating revenues and expenses from non-operating items. Operating revenues are determined based on the services provided by the Corporation. Operating expenses include the costs associated with providing those services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

c. Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

d. New Accounting Pronouncement

The GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. This statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

GASB Statement No. 63 is effective for financial statements for periods beginning after December 15, 2011; however, early adoption is encouraged. The Corporation has fully adopted this statement as of December 31, 2012, and there was no significant impact to the financial statements.

e. Early Application of Accounting Pronouncements

Management has elected to early implement the following as of January 1, 2012:

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides financial reporting guidance related to the impact of the financial statements elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of major fund calculations and limiting the use of the term deferred in the financial statements. This statement is effective for periods beginning after December 15, 2012, with earlier application encouraged.

**TOWN OF COLONIE
LOCAL DEVELOPMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011**

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

e. Early Application of Accounting Pronouncements - Continued

GASB Statement No. 66, *Technical Corrections*. This statement establishes clarifications on two recently issued statements, No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement resolves conflicting guidance created as a result of the issuance of these two statements. This statement is effective for periods beginning after December 15, 2012, with earlier application encouraged.

During June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25*. This statement replaces the requirements of statements; No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this statement and to defined contribution plans that provide postemployment benefits other than pensions. This statement also details the note disclosure requirements for defined contribution pension plans administered through trusts that meet the identified criteria. In addition, this statement requires single-employer and cost-sharing pension plans to present certain information for each of the ten most recent fiscal years about employer and nonemployer contributing entity obligations for pensions provided through the pension plan in required supplementary information. This statement is effective for periods beginning after June 15, 2013, with early implementation encouraged.

During June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this statement.

The scope of this statement also addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have certain characteristics as defined in the statement. It establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. This statement is effective for periods beginning after June 15, 2014, with early implementation encouraged.

GASB Statements No. 65, 66, 67, and 68 had no impact on the financial statements.

f. 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.

g. Net Position

Net position is presented in the following category:

Unrestricted - Consists of net position that is not restricted for any purpose, by the Board, or legally by a third party.

**TOWN OF COLONIE
LOCAL DEVELOPMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011**

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

h. Subsequent Events

The Corporation has evaluated subsequent events that provide additional evidence about conditions that existed at the financial statement date through March 18, 2013, the date the financial statements were available to be issued.

i. Reclassification

Certain 2011 amounts have been reclassified to conform with 2012 presentation.

NOTE 2 - CASH

The Corporation's investment policies are governed by State statutes. In addition, the Corporation has its own written investment policy. Corporation 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 Corporation 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, 2012 and 2011, the FDIC insurance was sufficient to secure the Corporation'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 Corporation 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 Corporation within two years of the date of purchase.

NOTE 3 - RELATED PARTY TRANSACTIONS

The Comptroller's, Attorney's, and Planning and Economic Development Departments of the Town provide staff support and office space to the Corporation. In 2012, the Corporation entered into an annual agreement with the Town for reimbursement of these costs. The 2012 management fee with the Town was \$2,000.

Since inception of the Corporation through December 2011, the Agency, which shares similar management and staff support with the Corporation, provided working capital advances to the Corporation which amounted to \$16,294 as of December 31, 2011. The Corporation repaid these advances in January 2012. It is expected that the Corporation will fully cover its operating costs going forward.

**TOWN OF COLONIE
LOCAL DEVELOPMENT CORPORATION**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011**

NOTE 4 - REVENUE BOND AND NOTE TRANSACTIONS

Certain revenue bonds, notes, and straight leases issued by the Corporation 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 Corporation or the Town. The Corporation 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 Corporation receives administration fees from the borrowing companies. Such administrative fee income is recognized upon issuance of bonds, notes, and leases. In 2011, there was one new issuance of revenue bonds. No issuances of revenue bonds occurred in 2012. Revenue bonds outstanding at December 31, 2012 and 2011, were \$10,000,000.

**TOWN OF COLONIE
LOCAL DEVELOPMENT CORPORATION**

SUPPLEMENTARY INFORMATION - SCHEDULE OF INDEBTEDNESS

<u>Project Description</u>	<u>Year Ended December 31, 2012</u>							
	<u>Original Issue Amount</u>	<u>Original Issue Date</u>	<u>Current Interest Rate</u>	<u>Outstanding January 1, 2012</u>	<u>Issued During 2012</u>	<u>Principal Payments/ Refinance 2012</u>	<u>Outstanding December 31, 2012</u>	<u>Final Maturity Date</u>
Shaker Pointe at Carondelet	\$ 10,000,000	12/11	1.00%	<u>\$ 10,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,000,000</u>	12/2041

**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 Corporation Board
Town of Colonie Local Development Corporation
Colonie, 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 statement of net position of the Town of Colonie Local Development Corporation (Corporation), as of December 31, 2012, and the related statement of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the 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 Corporation'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 entity'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 Corporation's financial statements are free from 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 that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 12-01 through 12-06.

The Corporation's Response to Findings

The Corporation's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Corporation's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bollam Sheedy Torani & Co LLP

Albany, New York
March 18, 2013

**TOWN OF COLONIE
LOCAL DEVELOPMENT CORPORATION**

**SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2012**

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

12-01. Audit Report Filed in the Public Authority Reporting Information System (PARIS)

Criteria: In accordance with Section 2800 of Public Authorities Law, local authorities must file an annual report with the Authority Budget Office within 90 days after the end of the fiscal year. The annual report must be approved by the Board and certified in writing by the Chief Executive Officer and the Chief Financial Officer.

Condition: The Corporation's December 31, 2011, annual report has not been filed with the ABO.

Effect: The Corporation was not in compliance with Section 2800 of Public Authorities Law.

Cause: The Corporation did not upload and certify the report in PARIS in accordance with Section 2800 of Public Authorities Law.

Recommendation: The Corporation should assign an individual to file the report prior to the ABO deadline.

View of Responsible Officials and Planned Corrective Actions: The Corporation's CEO has obtained the necessary user names and passwords to access the Corporation's PARIS files. The necessary steps will be taken to ensure the required reports are submitted timely to the ABO.

12-02. Budget Report Filed in the Public Authorities Reporting Information System (PARIS)

Criteria: In accordance with Section 2801 of Public Authorities Law, local authorities must file a budget report 60 days prior to the start of the fiscal year.

Condition: The Corporation has not filed the December 31, 2012 or 2013 budget in PARIS.

Effect: The Corporation was not in compliance with Section 2801 of Public Authorities Law.

Cause: The Corporation did not upload and certify the budget reports in PARIS in accordance with Section 2801 of Public Authorities Law

Recommendation: The Corporation should approve its budget and assign an individual to file the report prior to the ABO deadline.

View of Responsible Officials and Planned Corrective Action: The Corporation's CEO has obtained the necessary user names and passwords to access the Corporation's PARIS files. The necessary steps will be taken to ensure the required reports are submitted timely to the ABO.

**TOWN OF COLONIE
LOCAL DEVELOPMENT CORPORATION
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2012**

Section III - Compliance Findings - Continued

12-03. 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: Required Corporation reports and policies are currently not available to the public through the internet.

Effect: The Corporation is not in compliance with PARA requirements.

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

Recommendation: Using available ABO guidance, the Corporation 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 and Planned Corrective Action: The Corporation is currently completing the process of revising and updating its website, and will ensure the information on the website is complete and updated as necessary.

12-04. Board Training

Criteria: In accordance with Section 2824 of Public Authorities Law, individuals appointed to the Board are to participate in state approved training regarding their legal fiduciary, financial, and ethical responsibilities within one year of appointment to the Board.

Condition: A portion of the Corporation's Board members may not be aware of their responsibilities as a member of the Board.

Effect: The Corporation was not in compliance with Section 2824 of Public Authorities Law.

Cause: Not all of the Corporation's Board members have attended the required training.

Recommendation: The Corporation should ensure that all Board members attend the required training.

View of Responsible Officials and Planned Corrective Actions: The required members attended the necessary training in January 2013. The Governance Committee is also in the process of scheduling a refresher training course for all Board members.

12-05. Acknowledgement of Fiduciary Duty

Criteria: Section 2824 of Public Authorities Law states that all Board members of public authorities are required to execute and sign an acknowledgement of fiduciary duty at the time the member takes his or her oath of office.

Condition: The Corporation does not have signed acknowledgements from all of its Board members.

Effect: The Corporation was not in compliance with Section 2824 of Public Authorities Law.

Cause: All of the Corporation members did not sign the necessary acknowledgement in a timely manner.

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

**TOWN OF COLONIE
LOCAL DEVELOPMENT CORPORATION
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2012**

Section III - Compliance Findings - Continued

View of Responsible Officials and Planned Corrective Actions: Management has provided the Board members with the necessary forms and will work to obtain the completed acknowledgements.

12-06. Performance Measurement Report

Criteria: Section 2824 of Public Authorities Law states that all local authorities are to develop performance measures to assist the authority in determining how well it is carrying out its mission. Each year the authority is required to publish its performance measurement report.

Condition: The Corporation has not prepared a performance measurement report.

Effect: The Corporation was not in compliance with Section 2824 of Public Authorities Law.

Cause: The Corporation has not developed performance measures.

Recommendation: The Corporation should develop performance measurements and evaluate the Corporation based on these measurements on an annual basis.

View of Responsible Officials and Planned Corrective Actions: Management of the Corporation measures performance through job creation. In January, a draft of a performance measurement report was provided to the Board members for comment and edit. It is anticipated that the finalized report will be presented to the Board at the next scheduled meeting and then annually thereafter.