

**Town of Colonie  
Local Development Corporation**

Financial Report

December 31, 2015 and 2014

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Local Development Corporation**

Financial Report

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## Independent Auditor's Report

Chairman and Corporation Board  
Town of Colonie Local Development Corporation  
Latham, 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 December 31, 2015 and 2014, 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 opinion.

### ***Opinion***

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, 2015 and 2014, 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 February 18, 2016, 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.

SaxBST LLP

Albany, New York  
February 18, 2016



# Town of Colonie Local Development Corporation

## Management's Discussion and Analysis December 31, 2015 and 2014

The following Management's Discussion and Analysis (MD&A) provides an introduction and overview of the financial activities and performance of the Town of Colonie Local Development Corporation (Corporation) for the years ended December 31, 2015 and 2014, as mandated by 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 *Supplemental Schedule of Indebtedness*.

### Financial Highlights

In 2010, the Corporation was formed and began discussing strategies to support economic activity in the Town which is otherwise not permissible within the Town of Colonie Industrial Development Agency (Agency). In August 2014 it successfully closed its third phase of its first development project, The Shaker Pointe at Carondelet, with the issuance of \$15 million, for a total of \$37 million in Multi-Modal Revenue Bonds. The project generated \$75,250, \$60,250, and \$100,250, in fees for the Corporation in 2014, 2013, and 2011, respectively. The Shaker Pointe at Carondelet project provides a full service retirement residence community. No other projects have been brought before the Corporation for action.

# Town of Colonie Local Development Corporation

## Management's Discussion and Analysis December 31, 2015 and 2014

### 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, 2015, 2014, and 2013.

#### Condensed Statements of Net Position

	December 31,			Increase (Decrease) 2015-2014	Increase (Decrease) 2014-2013
	2015	2014	2013		
<b>ASSETS</b>					
Current assets	\$ 193,357	\$ 203,285	\$ 131,368	\$ (9,928)	\$ 71,917
Non-current assets	-	791	1,583	(791)	(792)
<b>Total assets</b>	<b>\$ 193,357</b>	<b>\$ 204,076</b>	<b>\$ 132,951</b>	<b>\$ (10,719)</b>	<b>\$ 71,125</b>
<b>LIABILITIES AND NET POSITION</b>					
<b>LIABILITIES</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,000</b>
<b>NET POSITION</b>					
Unrestricted	191,357	202,076	132,951	(10,719)	69,125
<b>Total net position</b>	<b>191,357</b>	<b>202,076</b>	<b>132,951</b>	<b>(10,719)</b>	<b>69,125</b>
<b>Total liabilities and net position</b>	<b>\$ 193,357</b>	<b>\$ 204,076</b>	<b>\$ 132,951</b>	<b>\$ (10,719)</b>	<b>\$ 71,125</b>

#### Condensed Statements of Activities

	Years Ended December 31,			Increase (Decrease) 2015-2014	Increase (Decrease) 2014-2013
	2015	2014	2013		
<b>Revenues</b>					
Administrative fees	\$ -	\$ 75,000	\$ 60,000	\$ (75,000)	\$ 15,000
Application income	250	500	250	(250)	250
Interest income	50	59	34	(9)	25
<b>Total revenue</b>	<b>300</b>	<b>75,559</b>	<b>60,284</b>	<b>(75,259)</b>	<b>15,275</b>
<b>Expenses</b>					
Administrative expenses	4,669	4,884	4,962	(215)	(78)
Professional fees	6,350	1,550	2,125	4,800	(575)
<b>Total expenses</b>	<b>11,019</b>	<b>6,434</b>	<b>7,087</b>	<b>4,585</b>	<b>(653)</b>
<b>Change in net position</b>	<b>\$ (10,719)</b>	<b>\$ 69,125</b>	<b>\$ 53,197</b>	<b>\$ (79,844)</b>	<b>\$ 15,928</b>

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. 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 returned to the Corporation in 2013 and 2014 for further assistance. Phase II and III of the project resulted in the issuance of \$12 million and \$15 million in bonds which provided the Corporation with its fee revenue for 2013 and 2014, respectively. One project began the application process during 2015, but is not expected to generate additional revenue for the Corporation until 2016.

# **Town of Colonie Local Development Corporation**

Management's Discussion and Analysis  
December 31, 2015 and 2014

## **Financial Analysis of the Corporation - Continued**

During 2015, as in prior years, the Corporation's expenses were primarily for liability insurance, annual management fee, and independent audit services. The Corporation improved its website in 2013, capitalizing \$2,375 of design and development costs which were amortized over a three-year amortization period.

## **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 Town of Colonie Comptroller's Office, at Colonie Town Hall, 534 Loudon Road, Latham, New York 12110.

**Town of Colonie  
Local Development Corporation**

Statements of Net Position

	December 31,	
	2015	2014
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 192,354	\$ 202,278
Prepaid expenses	1,003	1,007
Total current assets	193,357	203,285
<b>CAPITAL ASSETS, net</b>	-	791
	<b>\$ 193,357</b>	<b>\$ 204,076</b>
<b>LIABILITIES AND NET POSITION</b>		
<b>LIABILITIES</b>		
Accrued expenses	\$ 2,000	\$ 2,000
<b>NET POSITION</b>		
Invested in capital assets	-	791
Unrestricted	191,357	201,285
	191,357	202,076
	<b>\$ 193,357</b>	<b>\$ 204,076</b>

See accompanying Notes to Financial Statements.

**Town of Colonie  
Local Development Corporation**

Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended December 31,	
	2015	2014
<b>OPERATING REVENUES</b>		
Administrative fees	\$ -	\$ 75,000
Application income	250	500
	250	75,500
<b>OPERATING EXPENSES</b>		
Depreciation	791	792
Insurance fees	1,856	2,033
Management fees	2,000	2,000
Postage, office supplies, and other	22	59
Professional fees	1,250	1,200
Website maintenance	5,100	350
	11,019	6,434
<b>Operating (loss) income</b>	<b>(10,769)</b>	<b>69,066</b>
<b>OTHER INCOME</b>		
Interest income	50	59
	50	59
<b>Change in net position</b>	<b>(10,719)</b>	<b>69,125</b>
<b>NET POSITION, <i>beginning of year</i></b>	202,076	132,951
<b>NET POSITION, <i>end of year</i></b>	<b>\$ 191,357</b>	<b>\$ 202,076</b>

See accompanying Notes to Financial Statements.

**Town of Colonie  
Local Development Corporation**

Statements of Cash Flows

	Years Ended December 31,	
	2015	2014
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 250	\$ 75,500
Payments to vendors	(10,224)	(3,488)
	<b>(9,974)</b>	<b>72,012</b>
<b>CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES</b>		
Interest income earned	50	59
<b>Net (decrease) increase in cash</b>	<b>(9,924)</b>	<b>72,071</b>
<b>CASH, beginning of year</b>	202,278	130,207
<b>CASH, end of year</b>	<b>\$ 192,354</b>	<b>\$ 202,278</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating (loss) income	\$ (10,769)	\$ 69,066
Adjustments to reconcile operating (loss) income to net cash provided (used) by operating activities		
Depreciation and amortization	791	792
Decrease in prepaid expenses	4	154
(Decrease) increase in Accrued expenses	-	2,000
	<b>\$ (9,974)</b>	<b>\$ 72,012</b>

# Town of Colonie Local Development Corporation

Notes to Financial Statements  
December 31, 2015 and 2014

## **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 the 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, notes, and straight leases as described in Note 5. Accordingly, they are not reported as liabilities in the accompanying financial statements.

### *b. Basis of Accounting and Financial Statement Presentation*

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. With this measurement focus, all assets and liabilities associated with operations are included on the statement of net position.

Net position is presented in the following categories:

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

*Unrestricted* - Consists of all other net position that does not meet the definition of "investment in capital assets."

### *c. Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

### *d. Subsequent Events*

The Corporation has evaluated subsequent events for potential recognition or disclosure through February 18, 2016, the date the financial statements were available to be issued.

## **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 Federal Deposit Insurance Corporation 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.

# Town of Colonie Local Development Corporation

## Notes to Financial Statements December 31, 2015 and 2014

### Note 2 - Cash - Continued

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, 2015 and 2014, 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. The Corporation did not have any investments for the periods ended December 31, 2015 and 2014.

### Note 3 - Capital Assets, Net

Capital assets are as follows:

	December 31,			
	2014	Additions	Disposal	2015
Capital assets being depreciated				
Intangible assets	\$ 2,375	\$ -	\$ -	\$ 2,375
Less accumulated depreciation for				
Intangible assets	(1,584)	(791)	-	(2,375)
Total capital assets being depreciated, net	791	(791)	-	-
Capital assets, net	\$ 791	\$ (791)	\$ -	\$ -

### Note 4 - Related Party Transactions

The Comptroller's and Planning and Economic Development Departments of the Town provide staff support and office space to the Corporation. The Corporation has entered into an annual agreement with the Town for reimbursement of these costs. The management fee with the Town was \$2,000 for both 2015 and 2014.

# **Town of Colonie Local Development Corporation**

Notes to Financial Statements  
December 31, 2015 and 2014

## **Note 5 - Industrial 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 bond, note, 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. During 2014, there was one revenue bond issued, and none were issued in 2015. The revenue bond issued during 2014, which was authorized in the amount of \$15,000,000, had drawdowns of \$8,412,401 and \$5,259,075 through December 31, 2015 and 2014, respectively. The unissued portion, totaling \$1,328,524, is available for future drawdowns. Revenue bonds outstanding at December 31, 2015 and 2014, were \$30,319,376 and \$27,259,075, respectively.

**Town of Colonie  
Local Development Corporation**

Supplementary Information - Schedule of Indebtedness

Project Description	Year Ended December 31, 2015							
	Original Issue Amount	Original Issue Date	Current Interest Rate	Outstanding January 1, 2015	Issued During 2015	Principal Payments 2015	Outstanding December 31, 2015	Final Maturity Date
Shaker Pointe at Carondelet	\$ 10,000,000	12/11	0.01%	\$ 10,000,000	\$ -	\$ -	\$ 10,000,000	12/2041
Shaker Pointe at Carondelet	12,000,000	12/13	0.01%	12,000,000	-	-	12,000,000	12/2041
Shaker Pointe at Carondelet	15,000,000 *	08/14	2.79%	5,259,075	8,412,401	5,352,100	8,319,376	03/2017
				<u>\$ 27,259,075</u>	<u>\$ 8,412,401</u>	<u>\$ 5,352,100</u>	<u>\$ 30,319,376</u>	

\* This is debt that has been issued on a drawdown basis.



**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance  
With Government Auditing Standards**

Chairman and Agency Board  
Town of Colonie Local Development Corporation  
Latham, 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, 2015, and the related statements 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 February 18, 2016.

**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 our 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

SaxBST LLP

Albany, New York  
February 18, 2016