

**Town of Colonie
Local Development Corporation**

Financial Report

December 31, 2018 and 2017

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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 financial statements of the Town of Colonie Local Development Corporation (Corporation), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the accompanying table of contents.

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 audit 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 Corporation as of December 31, 2018 and 2017, 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 audit 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 audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise 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 was 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 audit 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, 2019, 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 solely 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 effectiveness of the Corporation's 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.

BST & CO. CPAs, LLP

Albany, New York
March 18, 2019



Town of Colonie Local Development Corporation

Management's Discussion and Analysis December 31, 2018 and 2017

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, 2018 and 2017, 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 implementing strategies to support economic activity in the Town that is otherwise not permissible under New York State law by the Town of Colonie Industrial Development Agency (Agency).

From 2011 through 2014 the Corporation successfully closed on its first development project, which consisted of three phases. In 2018 the Corporation assisted with the fourth and final phase of its first project. The Shaker Pointe at Carondelet, Inc. project provides a full service retirement residence community and resulted in the issuance of a total of \$48.7 million in Multi-Modal Revenue Bonds. This project generated \$235,750 in fees for the Corporation between 2011 and 2014, and another \$62,750 in 2018.

In June 2016 the Corporation closed on its second development project, The Colonie Senior Service Centers, Inc. Elks Lane senior housing project. This project provides a full service retirement residence community to low and moderate income seniors. The project resulted in the issuance of \$12.8 million in Multi-Modal Revenue Bonds which generated \$64,000 in fees for the Corporation in 2016.

Town of Colonie Local Development Corporation

Management's Discussion and Analysis December 31, 2018 and 2017

Financial Analysis of the Corporation

No other projects have been brought before the Corporation for action as of the date of this report.

The tables below present condensed financial information derived from the Corporation's financial statements as of and for the years ended December 31, 2018, 2017, and 2016.

Condensed Statements of Net Position

	December 31,			Increase (Decrease) 2018-2017	Increase (Decrease) 2017-2016
	2018	2017	2016		
ASSETS					
Current assets	\$ 279,731	\$ 228,872	\$ 247,385	\$ 50,859	\$ (18,513)
LIABILITIES AND NET POSITION					
LIABILITIES	\$ 579	\$ 200	\$ 5,922	\$ 379	\$ (5,722)
NET POSITION					
Unrestricted	279,152	228,672	241,463	50,480	(12,791)
Total liabilities and net position	\$ 279,731	\$ 228,872	\$ 247,385	\$ 50,859	\$ (18,513)

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended December 31,			Increase (Decrease) 2018-2017	Increase (Decrease) 2017-2016
	2018	2017	2016		
Revenues					
Administrative fees	\$ 62,500	\$ -	\$ 64,000	\$ 62,500	\$ (64,000)
Application income	250	-	-	250	-
Interest income	408	111	131	297	(20)
Total revenue	63,158	111	64,131	63,047	(64,020)
Expenses					
Administrative expenses	3,795	3,814	3,850	(19)	(36)
Professional fees	8,883	9,088	10,175	(205)	(1,087)
Total expenses	12,678	12,902	14,025	(224)	(1,123)
Change in net position	\$ 50,480	\$ (12,791)	\$ 50,106	\$ 63,271	\$ (62,897)

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 was a four-phase project that resulted in the issuance of \$48.7 million in bonds which provided the Corporation with \$235,750 in fee revenue between 2011 and 2014, and another \$62,750 in 2018.

The Colonie Senior Service Center, Inc. project began the application process during 2015, and closed in June of 2016 generating fee revenue of \$64,000 in 2016.

Town of Colonie Local Development Corporation

Management's Discussion and Analysis
December 31, 2018 and 2017

Financial Analysis of the Corporation - Continued

During 2018, as in prior years, the Corporation's expenses were primarily for liability insurance, annual management fee, website maintenance, general legal counsel and independent audit services. During this time, the costs have remained relatively stable with a renegotiated contract for website maintenance accounting for the reduction from 2016 to 2017.

During 2018 the Corporation changed financial institutions and was able to increase its rate of return thereby increasing the interest earned.

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,	
	2018	2017
ASSETS		
CURRENT ASSETS		
Cash	\$ 278,783	\$ 227,896
Prepaid expenses	948	976
Total current assets	\$ 279,731	\$ 228,872
LIABILITIES AND NET POSITION		
LIABILITIES		
Accrued expenses	\$ 579	\$ 200
NET POSITION		
Unrestricted	279,152	228,672
	\$ 279,731	\$ 228,872

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,	
	2018	2017
OPERATING REVENUES		
Administrative fees	\$ 62,500	\$ -
Application income	250	-
	62,750	-
OPERATING EXPENSES		
Insurance fees	1,778	1,814
Legal fees	4,583	4,838
Management fees	2,000	2,000
Postage, office supplies, and other	17	-
Professional fees	3,000	3,000
Website maintenance	1,300	1,250
	12,678	12,902
Operating income (loss)	50,072	(12,902)
OTHER INCOME		
Interest income	408	111
	408	111
Change in net position	50,480	(12,791)
NET POSITION, <i>beginning of year</i>	228,672	241,463
NET POSITION, <i>end of year</i>	\$ 279,152	\$ 228,672

See accompanying Notes to Financial Statements.

**Town of Colonie
Local Development Corporation**

Statements of Cash Flows

	Years Ended December 31,	
	2018	2017
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Receipts from customers	\$ 62,750	\$ -
Payments to vendors	(12,271)	(18,613)
	50,479	(18,613)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Interest income earned	408	111
	50,887	(18,502)
Net increase (decrease) in cash	50,887	(18,502)
CASH, beginning of year	227,896	246,398
CASH, end of year	\$ 278,783	\$ 227,896
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 50,072	\$ (12,902)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Decrease in prepaid expenses	28	11
(Decrease) increase in		
Accounts payable	-	(947)
Accrued expenses	379	(4,775)
	50,479	(18,613)
	\$ 50,479	\$ (18,613)

See accompanying Notes to Financial Statements.

Town of Colonie Local Development Corporation

Notes to Financial Statements
December 31, 2018 and 2017

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. Neither 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 4. 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 conformity 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:

Net investment in capital assets - Consists of capital assets, net of accumulated depreciation. There was no investment in capital assets at December 31, 2018 and 2017.

Restricted - Consists of assets with externally placed constraints net of liabilities that will be liquidated from those assets. There was no restricted net position at December 31, 2018 and 2017.

Unrestricted - Consists of assets and liabilities that do not meet the definition of "net investment in capital assets" or "restricted."

Revenues are recognized when earned, and expenses are recognized when incurred. The Corporation distinguishes operating revenues and expenses from nonoperating 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 nonoperating revenues and expenses.

c. 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 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 March 18, 2019, the date the financial statements were available to be issued.

Town of Colonie Local Development Corporation

Notes to Financial Statements
December 31, 2018 and 2017

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 (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, must be collateralized by a pledge of eligible securities, letters of credit, or surety bonds. As of December 31, 2018 and 2017, 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 must 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, must 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 years ended December 31, 2018 and 2017.

Note 3 - Related Party Transactions

The Comptroller's, Purchasing, 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 2018 and 2017.

Note 4 - Industrial Revenue Bond and Note Transactions

Revenue bonds issued by the Corporation are secured by loan agreements from organizations that utilized the proceeds for various projects. The repayment terms of the loan agreements match the repayment terms of the bonds issued by the Corporation. The bonds are considered conduit debt and, therefore, are not obligations of the Corporation or the Town. As such, the Corporation does not record the assets resulting from completed loan agreements or liabilities resulting from completed bonds issued in its accounts. The Corporation's primary function is to arrange the financing between the borrowing organizations and the bond holders, and funds arising therefrom are controlled by trustees or banks acting as fiscal agents. For providing this service, the Corporation receives administrative fees from the borrowing organizations. Such administrative fee income is recognized upon authorization and closing of bonds. No revenue bonds were authorized in 2017. One revenue bond was authorized in 2018 in the amount of \$12,500,000, of which \$4,079,329 was issued during 2018, and \$790,300 was used to refinance the balance of a 2014 revenue bond. The unissued portion, totaling \$8,420,671, is available for future drawdowns. Revenue bonds outstanding at December 31, 2018 and 2017, were \$37,388,082 and \$34,271,134, respectively.

**Town of Colonie
Local Development Corporation**

Supplementary Information - Schedule of Indebtedness

Project Description	Year Ended December 31, 2018							
	Original Issue Amount	Original Issue Date	Current Interest Rate	Outstanding January 1, 2018	Issued During 2018	Principal Payments 2018	Outstanding December 31, 2018	Final Maturity Date
Shaker Pointe at Carondelet	\$ 10,000,000	12/11	0.01%	\$ 9,285,000	\$ -	\$ -	\$ 9,285,000	12/2041
Shaker Pointe at Carondelet	12,000,000	12/13	0.01%	11,410,000	-	-	11,410,000	12/2041
Shaker Pointe at Carondelet	15,000,000 *	08/14	3.63%	790,300	-	790,300	-	03/2019
Shaker Pointe at Carondelet	12,500,000 *	06/18	5.15%	-	4,079,329	-	4,079,329	06/2048
Colonie Senior Service Centers	12,800,000 *	05/16	3.49%	12,785,834	-	172,081	12,613,753	5/1/2046
				\$ 34,271,134	\$ 4,079,329	\$ 962,381	\$ 37,388,082	

* 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 Corporation 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 financial statements of the Town of Colonie Local Development Corporation (Corporation), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated March 18, 2019.

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

BST & CO. CPAs, LLP

Albany, New York
March 18, 2019

