



March 2, 2012

Chairman and Corporation Board
Town of Colonie Local Development Corporation
347 Old Niskayuna Road
Latham, New York 12110

Dear Chairman and Members of the Board:

We are pleased to present this report related to our audit of the financial statements of the Town of Colonie Local Development Corporation (Corporation) for the year ended December 31, 2011. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Corporation's financial reporting process.

This report is intended solely for the information and use of the Board members and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to be of service to the Corporation.

Very truly yours,

BOLLAM, SHEEDY, TORANI & CO. LLP

William C. Freitag, Partner

WCF/dmc

**TOWN OF COLONIE
LOCAL DEVELOPMENT CORPORATION**

**COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE
Year Ended December 31, 2011**

The American Institute of Certified Public Accountants issued Statement on Auditing Standards titled, *The Auditor's Communication to Those Charged With Governance*, which requires that we communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes these communications.

Auditor's Responsibility Under Professional Standards

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter to the Town of Colonie Industrial Development Agency dated January 18, 2012.

Accounting Practices

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Corporation. Following is a description of significant accounting policies or their application that were either initially selected or changed during the year.

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

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

GASB Statement No. 62 is effective for financial statements for periods beginning after December 15, 2011; however, early adoption is encouraged. The Corporation has fully adopted this statement as of December 31, 2011.

Significant or Unusual Transactions

We identified the significant transaction related to the issuance of the Corporation's first revenue bond for \$10 million since inception and the recording of the related administrative fee revenue. We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

**TOWN OF COLONIE
LOCAL DEVELOPMENT CORPORATION**

**COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE
Year Ended December 31, 2011**

Accounting Practices - Continued

Alternative Treatments Discussed with Management

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

Management's Judgments and Accounting Estimates

There are no sensitive accounting estimates in the Corporation's December 31, 2011, financial statements.

Financial Statement Disclosures

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

- Note 1 to the Corporation's December 31, 2011, financial statements discusses the significant accounting policies used by the Corporation.

Audit Adjustments

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

Unposted Adjustments

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

Disagreements with Management

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

Consultations with Other Accountants

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

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

Difficulties Encountered in Performing the Audit

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

Certain Written Communications Between Management and Our Firm

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

**TOWN OF COLONIE
LOCAL DEVELOPMENT CORPORATION**

**COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE
Year Ended December 31, 2011**

Significant Deficiencies and Material Weaknesses


We have separately communicated the significant deficiencies and material weaknesses identified during our audit of the financial statements, and this communication is located in the schedule of findings and responses.

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

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

Very truly yours,

BOLLAM, SHEEDY, TORANI & CO. LLP

A handwritten signature in black ink, appearing to read "William C. Freitag", with a long horizontal flourish extending to the right.

William C. Freitag, Partner

WCF/dmc

**TOWN OF COLONIE
LOCAL DEVELOPMENT CORPORATION**

**CERTAIN WRITTEN COMMUNICATIONS BETWEEN
MANAGEMENT AND OUR FIRM
Year Ended December 31, 2011**

Representation Letter

**TOWN OF COLONIE
LOCAL DEVELOPMENT CORPORATION**

March 2, 2012

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

In connection with your audit of the financial statements of the Town of Colonie Local Development Corporation (Corporation) as of and for the year ended December 31, 2011, we confirm, that we are responsible for the fair presentation in the financial statements of financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America (GAAP).

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

1. The financial statements referred to above are fairly presented in conformity with GAAP. The Corporation's accounting principles, and the practices and methods followed in applying them, are as disclosed in the financial statements, and there have been no changes during the year ended December 31, 2011, in the Corporation's accounting principles and practices, except as noted herein.
2. We have identified for you all organizations with which we have a relationship, as these organizations are defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards.
3. We are responsible for compliance with laws and regulations applicable to the Corporation, including adopting, approving, and amending budgets, and submitting all required reports to the New York State Authorities Budget Office (ABO) by the deadlines set by the ABO.
4. We have identified and disclosed to you all laws and regulations that have a direct and material effect on the determination of financial statement amounts, including legal and contractual provisions for reporting specific activities.
5. We have made available to you:
 - a. All financial records and related data of all projects, activities, etc., in existence at any time during the period covered by your audit.
 - b. All minutes of the meetings of the governing board and committees of board members or summaries of actions of recent meetings for which minutes have not yet been prepared.
6. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.
7. We have no knowledge of any allegations of fraud or suspected fraud affecting the Corporation received in communications from employees, former employees, analysts, regulators, short sellers, or others.
8. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Corporation's ability to record, process, summarize, and report financial data.

9. There has been no:
 - a. Fraud involving management or employees who have significant roles in internal control.
 - b. Fraud involving other employees that could have a material effect on the financial statements.
 - c. Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements.
10. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
11. The following have been properly reflected and/or disclosed in the financial statements:
 - a. Related party transactions, including advances receivable and payable, sale and purchase transactions, transfers, long-term loans, leasing arrangements, and guarantees, all of which have been recorded in accordance with the economic substance of the transactions.
 - b. The effect on the financial statements of Government Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, which has been issued, but which we have not yet adopted.
 - c. Concentration of credit risk.
12. With respect to supplemental information presented in relation to the financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. When supplemental information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplemental information no later than the date of issuance of the supplemental information and the auditor's report thereon.
13. With respect to the Management's Discussion and Analysis (MD&A) presented as required by GASB, to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplemental information.
 - b. We believe such required supplemental information is measured and presented in accordance with guidelines prescribed by GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
14. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.

15. There are no:

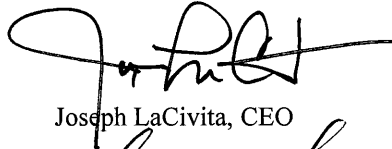
- a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Federal Environmental Protection Corporation or any equivalent state agencies in connection with any environmental contamination.
- b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement No. 10.
- c. Obsolete, damaged, or excess inventories.
- d. Investments, intangibles, or other assets which have permanently declined in value.
- e. Uninsured losses or loss retentions (deductibles) attributable to events occurring through December 31, 2011, or for expected retroactive insurance premium adjustments applicable to periods through December 31, 2011.
- f. Pension obligations, postretirement benefits other than pensions, and deferred compensation agreements attributable to employee services rendered through December 31, 2011.
- g. Material losses to be sustained in the fulfillment of, or from the inability to fulfill, any commitments.
- h. Environmental clean-up obligations.
- i. Guarantees, whether written or oral, under which the Corporation is contingently liable.
- j. Agreements to repurchase assets previously sold.
- k. Security agreements in effect under the Uniform Commercial Code.
- l. Liens or encumbrances on assets or revenues or any assets or revenues which were pledged as collateral for any liability or which were subordinated in any way.
- m. Contractual obligations for purchase of real property or equipment.
- n. Liabilities which are subordinated in any way to any other actual or possible liabilities.
- o. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements.
- p. Debt issue provisions.
- q. Leases or material amounts of rental obligations under long-term leases.
- r. Restrictions on cash balances.
- s. Restrictions of net assets.
- t. Risk financing activities.
- u. Derivative financial instruments.

- v. Component units.
 - w. Other organizations for which the nature and significance of their relationship with the Corporation are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.
 - x. Joint ventures in which we participated.
16. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with GASB Statement No. 10.
 17. We have no direct or indirect, legal or moral, obligation for any debt of any organization, public or private, or to special assessment bond holders that is not disclosed in the financial statements.
 18. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
 19. We have satisfactory title to all owned assets.
 20. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining if we are subject to the requirements of the Single Audit Act and OMB Circular A-133. We have not received, expended, or otherwise been the beneficiary of any federal awards over \$500,000 during the periods of these audits.
 21. There were no proposed adjustments to the trial balances identified during the audit.
 22. With respect to supplemental information presented in relation to the financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 23. With respect to Management's Discussion and Analysis presented as required by the Governmental Accounting Standards Board to supplement the financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplemental information.
 - b. We believe such required supplemental information is measured and presented in accordance with guidelines prescribed by GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 24. We are responsible for determining that significant events or transactions that have occurred since the statement of net assets date and through March 2, 2012, have been recognized or disclosed in the financial statements. No events or transactions have occurred subsequent to the statement of net assets date and through March 2, 2012, that would require recognition or disclosure in the financial statements.
 25. Effective December 31, 2011, we have adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

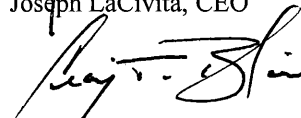
26. Net assets at December 31, 2010, have been restated to reflect a payable from the Town of Colonie Industrial Development Agency in the amount of \$10,223 for cash flow advances to cover certain start-up and operating costs of the Corporation.
27. We are responsible for establishing and maintaining effective internal control over financial reporting and compliance. We are not aware of any material internal control weaknesses or significant deficiencies that should be reported.
28. We have responded fully to all inquiries made to us by you during your audit.
29. During the course of your audit, you may have accumulated records containing data which should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.
30. The undersigned have overseen the services provided, and have established and maintained internal controls, including the monitoring of ongoing activities related to the drafting of the financial statements.

Very truly yours,

TOWN OF COLONIE LOCAL DEVELOPMENT
CORPORATION



Joseph LaCivita, CEO



Craig T. Blair, Assistant Treasurer



P. Christopher Kelsey, Accounting Supervisor