



March 18, 2013

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, 2012. 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 continue 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, 2012**

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit, as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

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 dated December 12, 2012.

Accounting Practices

Preferability of Accounting Policies and Practices

Under generally accepted principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

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.

During June 2011, the Governmental Accounting Standards Board (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.

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. The Corporation has fully adopted this statement as of January 1, 2012.

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. The Corporation has fully adopted this statement as of January 1, 2012.

**TOWN OF COLONIE
LOCAL DEVELOPMENT CORPORATION**

**COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE
Year Ended December 31, 2012**

Accounting Practices - Continued

Adoption of, or Change in, Accounting Policies - Continued

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 supplemental information. This statement is effective for periods beginning after June 15, 2013, with early implementation encouraged. The Corporation has fully adopted this statement as of January 1, 2012.

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 supplemental information requirements about pensions also are addressed. This statement is effective for periods beginning after June 15, 2014, with early implementation encouraged. The Corporation has fully adopted this statement as of January 1, 2012.

There was no significant impact to the Corporation's financial statements as a result of adopting the aforementioned accounting standards.

Significant or Unusual Transactions

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.

Management's Judgments and Accounting Estimates

There are no sensitive accounting estimates in the Corporation's December 31, 2012, financial statements.

**TOWN OF COLONIE
LOCAL DEVELOPMENT CORPORATION**

**COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE
Year Ended December 31, 2012**

Audit Adjustments

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

Uncorrected Misstatements

There were no uncorrected misstatements 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.

Significant Difficulties Encountered in Performing the Audit

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

Significant Deficiencies and Material Weaknesses

Significant deficiencies and material weaknesses, if any, are communicated in the schedule of findings and responses of the Independent Auditor's 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*.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the Corporation, including the representation letter provided by management, are attached as Exhibit A.

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



William C. Freitag, Partner

WCF/dmc

**TOWN OF COLONIE
LOCAL DEVELOPMENT CORPORATION**

**SIGNIFICANT WRITTEN COMMUNICATIONS BETWEEN
MANAGEMENT AND OUR FIRM
Year Ended December 31, 2012**

Representation Letter