

**TOWN OF COLONIE, NEW YORK
INDUSTRIAL DEVELOPMENT AGENCY**

FINANCIAL REPORT

December 31, 2008 and 2007

**TOWN OF COLONIE, NEW YORK
INDUSTRIAL DEVELOPMENT AGENCY**

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INDEPENDENT AUDITOR'S REPORT

Supervisor and Town Board
Town of Colonie, New York
Industrial Development Agency
Colonie, New York

We have audited the accompanying statements of net assets of the Town of Colonie, New York, Industrial Development Agency (Agency), as of December 31, 2008 and 2007, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Agency's management. 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 *Government Auditing Standards* issued by the Comptroller 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Town of Colonie, New York, Industrial Development Agency as of December 31, 2008 and 2007, and the changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 2 through 5 is not required as part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2009, on our consideration of the Town of Colonie, New York, Industrial Development Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing our audit.

Bollam Sheedy Torani & Co LLP

Albany, New York
March 23, 2009

MANAGEMENT'S DISCUSSION & ANALYSIS

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, New York, Industrial Development Agency ("Agency") for the years ended December 31, 2008 and 2007, as mandated by Governmental Accounting Standards Board Statement No. 34. This information should be reviewed in conjunction with the basic financial statements of the Agency.

Overview of Financial Statements

The Agency's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Agency 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 are capitalized and are depreciated over their useful lives. See notes to the financial statements for a summary of the Agency's significant accounting policies.

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

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

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

- Net assets serve as an indicator of the Agency's financial position. The Agency's net assets increased \$51,881 from December 31, 2007 to 2008, as compared to an increase of \$200,464 from December 31, 2006 to 2007. The decrease in the overall change in net assets was due to a decline in economic activity during 2008.
- The principal sources of revenue for the Agency are fees collected at the rate of one half of one percent of the project cost plus a \$250 application fee. In 2008, the Agency's total income from the fees was \$76,876 compared to \$189,686 in 2007.
- The Agency also has an agreement with the Albany-Colonie Regional Chamber of Commerce to manage the Town of Colonie Small Business Entrepreneurial Loan Program. In 2008, the Agency paid \$3,802 to the Albany-Colonie Chamber of Commerce for management of this program and at December 31, 2008, the program had a loan receivable balance of \$93,674.

Financial Highlights - Continued

- In 2007, the Agency was awarded a grant of \$675,000 from the New York State Department of Economic Development on behalf of the Crumb Rubber Manufacturing Company, of which \$337,500 was passed through to the Crumb Rubber Company during the year ended 2008. A similar \$750,000 grant was passed through to the Crumb Rubber Manufacturing Company during the year ended 2007.

Financial Analysis of the Agency

The table below presents condensed financial information derived from the Agency's financial statements as of December 31, 2008, 2007, and 2006.

Condensed Statement of Net Assets

	<u>2008</u>	<u>2007</u>	<u>2006</u>	Increase (Decrease) <u>2008-2007</u>	Increase (Decrease) <u>2007-2006</u>
ASSETS					
Current assets	\$ 2,273,493	\$ 2,235,326	\$ 2,018,793	\$ 38,167	\$ 216,533
Non-current assets	<u>213,567</u>	<u>205,132</u>	<u>221,859</u>	<u>8,435</u>	<u>(16,727)</u>
Total assets	<u>\$ 2,487,060</u>	<u>\$ 2,440,458</u>	<u>\$ 2,240,652</u>	<u>\$ 46,602</u>	<u>\$ 199,806</u>
LIABILITIES AND NET ASSETS					
Total liabilities	<u>\$ 624</u>	<u>\$ 5,903</u>	<u>\$ 6,561</u>	<u>\$ (5,279)</u>	<u>\$ (658)</u>
NET ASSETS					
Invested in capital assets, net of related debt	43,787	50,216	55,673	(6,429)	(5,457)
Restricted	207,659	201,461	189,553	6,198	11,908
Unrestricted	<u>2,234,990</u>	<u>2,182,878</u>	<u>1,988,865</u>	<u>52,112</u>	<u>194,013</u>
Total net assets	<u>2,486,436</u>	<u>2,434,555</u>	<u>2,234,091</u>	<u>51,881</u>	<u>200,464</u>
Total liabilities and net assets	<u>\$ 2,487,060</u>	<u>\$ 2,440,458</u>	<u>\$ 2,240,652</u>	<u>\$ 46,602</u>	<u>\$ 199,806</u>

The overall increase in net assets is due to normal operating activities related to the Agency's efforts to support economic development within the Town of Colonie, New York, as mandated by New York State Law.

Current assets increased \$38,167 at December 31, 2008, compared to \$216,533 at December 31, 2007. This essentially is the result of investing excess cash reserves in conjunction the normal operating activities of the Agency, and the activities within the Town of Colonie Small Business Entrepreneurial Loan Program.

Non-current assets increased \$8,435 at December 31, 2008, compared to a decrease of \$16,727 at December 31, 2007. This was a result of activity related to the loan and mortgage receivables and depreciation of fixed assets.

Accounts payable and accrued expenses decreased \$5,279 at December 31, 2008, due to the timing of certain payments at year end related to professional and transcription fees.

The table below presents condensed financial information derived from the financial statements of the agency for the years ended December 31, 2008, 2007, and 2006.

Condensed Statement of Activities

	<u>2008</u>	<u>2007</u>	<u>2006</u>	Increase (Decrease) <u>2008-2007</u>	Increase (Decrease) <u>2007-2006</u>
Revenues					
Administrative fees	\$ 76,626	\$188,686	\$164,329	\$(112,060)	\$ 24,357
Application income	250	1,000	2,500	(750)	(1,500)
Interest income	<u>64,475</u>	<u>114,372</u>	<u>97,800</u>	<u>(49,897)</u>	<u>16,572</u>
Total revenue	<u>141,351</u>	<u>304,058</u>	<u>264,629</u>	<u>(162,707)</u>	<u>39,429</u>
Expenses					
Management fees	45,806	28,710	28,710	17,096	-
Professional fees	12,500	14,528	42,134	(2,028)	(27,606)
Administrative expenses	16,809	18,578	23,968	(1,769)	(5,390)
Depreciation	6,429	5,457	6,588	972	(1,131)
Economic development fees	<u>7,926</u>	<u>36,321</u>	<u>79,530</u>	<u>(28,395)</u>	<u>(43,209)</u>
Total expenses	<u>89,470</u>	<u>103,594</u>	<u>180,930</u>	<u>(14,124)</u>	<u>(77,336)</u>
Excess revenue over expenses	<u>\$ 51,881</u>	<u>\$200,464</u>	<u>\$ 83,699</u>	<u>\$(148,583)</u>	<u>\$116,765</u>

Activities for the Years Ended 2008 and 2007

Fees for services decreased \$112,810 in 2008 as compared to an increase of \$22,857 in 2007. This was a result of a decrease in contract fees received, which is tied to economic activity.

Interest earnings decreased in 2008 by \$49,897 as compared to a \$16,572 increase in 2007. This was due to the investment of idle funds and lower interest rates in 2008.

Administrative expenses decreased in 2008 by \$1,769 as compared to a \$5,390 decrease in 2007. The decrease was the result of conservative spending and a general decline in economic activity during 2008.

Professional fees expenses decreased in 2008 by \$2,028 as compared to a \$27,606 increase in 2007. This was due to a change in accounting firms related to the annual audit of the Agency's financial statements in 2006, and the completion of the update of the Town of Colonie Zoning and Regulations and development of Design Guidelines as related to industrial and commercial (non-retail) land use development in 2007.

Economic development fees decreased in 2008 by \$28,395 as compared to a decrease of \$43,209 in 2007. In 2007, the IDA paid for part of the Cityworks Project undertaken by the Town of Colonie and made the second of five payments for the Advancing Tech Valley pledge (\$7,925 per for five years, totaling \$39,629). In 2008, the only activity was the third of five payments to the Advancing Tech Valley pledge.

Management fees increased by \$17,096 during 2008, for the first time since 2006 based on an updated annual services agreement between the Agency and the Town of Colonie.

Contacting the Agency's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Agency's finances and to demonstrate the Agency'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, 347 Loudon Road, Newtonville, New York 12128.

**TOWN OF COLONIE, NEW YORK
INDUSTRIAL DEVELOPMENT AGENCY**

**STATEMENTS OF NET ASSETS
December 31,**

ASSETS	<u>2008</u>	<u>2007</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,124,350	\$ 2,024,292
Mortgage receivable, current portion	4,449	4,233
Accounts receivable	-	49,000
Prepaid expenses	5,000	5,000
Restricted assets		
Cash, restricted for revolving loan fund	111,858	127,242
Accrued interest	2,127	-
Loans receivable, current portion, net of allowance for uncollectibles	25,709	25,559
Total current assets	2,273,493	2,235,326
CAPITAL ASSETS, net	43,787	50,216
OTHER ASSETS		
Mortgage receivable, less current portion	101,815	106,256
Restricted loans receivable, net of allowance for uncollectibles	67,965	48,660
	169,780	154,916
	\$ 2,487,060	\$ 2,440,458
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ -	\$ 5,903
Accrued payables	624	-
Total current liabilities	624	5,903
COMMITMENTS		
NET ASSETS		
Invested in capital assets, net of related debt	43,787	50,216
Restricted for revolving loan fund	207,659	201,461
Unrestricted	2,234,990	2,182,878
	2,486,436	2,434,555
	\$ 2,487,060	\$ 2,440,458

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

**TOWN OF COLONIE, NEW YORK
INDUSTRIAL DEVELOPMENT AGENCY**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Years Ended December 31,**

	<u>2008</u>	<u>2007</u>
OPERATING INCOME		
Administrative fees	\$ 76,626	\$ 188,686
Application income	<u>250</u>	<u>1,000</u>
	<u>76,876</u>	<u>189,686</u>
OPERATING EXPENSES		
Administrative fees	3,802	3,224
Association dues	7,600	7,600
Conferences	275	1,960
Depreciation	6,429	5,457
Legal fees	-	2,006
Dues and subscription	50	1,500
Economic development fees	7,926	36,321
Insurance fees	1,800	1,800
Management fees	45,806	28,710
Postage, office supplies, and other	1,630	14
Professional fees	12,500	14,528
Transcript fees	<u>1,652</u>	<u>474</u>
	<u>89,470</u>	<u>103,594</u>
Operating income (loss)	(12,594)	86,092
OTHER INCOME		
Interest income	<u>64,475</u>	<u>114,372</u>
Excess of revenues over expenses	51,881	200,464
NET ASSETS, <i>beginning of year</i>	<u>2,434,555</u>	<u>2,234,091</u>
NET ASSETS, <i>end of year</i>	<u>\$ 2,486,436</u>	<u>\$ 2,434,555</u>

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

**TOWN OF COLONIE, NEW YORK
INDUSTRIAL DEVELOPMENT AGENCY**

**STATEMENTS OF CASH FLOWS
Years Ended December 31,**

	<u>2008</u>	<u>2007</u>
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Receipts from customers	\$ 125,876	\$ 140,686
Payments to vendors	<u>(88,320)</u>	<u>(98,795)</u>
	<u>37,556</u>	<u>41,891</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Interest income earned	62,349	114,372
Advances from revolving loan fund	-	(40,000)
Issuances of revolving loan fund	(45,000)	-
Payments on revolving loan fund	25,544	66,355
Payment on mortgage receivable	4,225	4,027
Increase (decrease) in cash restricted for loan fund	<u>15,384</u>	<u>(38,263)</u>
	<u>62,502</u>	<u>106,491</u>
Net increase in cash and cash equivalents	100,058	148,382
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	<u>2,024,292</u>	<u>1,875,910</u>
CASH AND CASH EQUIVALENTS, <i>end of year</i>	<u>\$ 2,124,350</u>	<u>\$ 2,024,292</u>
RECONCILIATION OF EXCESS OF REVENUES OVER EXPENSES TO CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (12,594)	\$ 86,092
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities		
Depreciation	6,429	5,457
Changes in operating assets and liabilities		
Due from Chamber of Commerce	49,000	(49,000)
Accounts payable	(5,903)	5,542
Accrued expenses	<u>624</u>	<u>(6,200)</u>
	<u>\$ 37,556</u>	<u>\$ 41,891</u>

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

**TOWN OF COLONIE, NEW YORK
INDUSTRIAL DEVELOPMENT AGENCY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization and Purpose

The Industrial Development Agency of the Town of Colonie (Agency) was created in 1977 by the Town of Colonie (Town) under the provisions of Chapter 232 of the 1977 Laws of New York State for the purpose of encouraging growth in the Town. The Agency is exempt from federal, state, and local income taxes. The Agency, although established by and a component of the Town, is a separate entity and operates independently of the Town. Agency members have complete responsibility for management of the Agency and accountability for fiscal matters. The Town, the Agency, 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.

The Agency is a component unit of the Town of Colonie, New York.

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows.

2. Basis of Accounting

The accounts of the Agency are maintained in a single proprietary fund on the economic resources measurement focus and the accrual basis of accounting.

The Agency applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Agency also applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

3. Fair Value Measurement

Effective January 1, 2008, the Agency adopted Statement of Financial Accounting Standards (SFAS) No. 157, *Fair Value Measurement*. SFAS No. 157 defines fair value, establishes a framework for measuring fair value, and enhances disclosures about 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.

The Agency determines the fair value of financial instruments based on the fair value hierarchy described in SFAS No. 157 which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The carrying amounts of cash equivalents, accounts receivable, loans receivable, accounts payable, and accrued payables approximate fair value because of the short maturity of these instruments. The carrying amounts of the mortgage receivable and restricted loans receivable approximate fair value due to the debt instruments carrying interest rates currently available to the Agency for debt with similar terms and remaining maturities.

**TOWN OF COLONIE, NEW YORK
INDUSTRIAL DEVELOPMENT AGENCY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Receivables

Receivables consist of trade receivables, loans, and mortgages. Trade receivables are carried at original invoice amount. Management considers trade receivables to be fully collectible; accordingly, there is no allowance for doubtful accounts.

Loans and mortgages are carried at amortized amounts, based on paydown of principal. Management records an allowance on loans and mortgages based on a review of the outstanding loan and/or mortgage balances and its collection history. Based on management's analysis of loans receivable, \$- and \$4,541 was recorded at December 31, 2008 and 2007, respectively (see Note F). Management considers mortgages receivable to be fully collectible at December 31, 2008 and 2007.

5. Capital Assets

Capital assets acquired by the Agency are stated at cost including interest capitalized during construction when applicable. Depreciation is recognized on a straight-line basis over the estimated useful lives of the assets.

<u>Description</u>	<u>Estimated Life</u>
Building and improvements	5-30 years
Furniture and equipment	10 years

6. Pass-Through Grants

The Agency is essentially a pass-through agent for certain grants made by the New York State Department of Economic Development for the benefit of a third party. During the years ended 2008 and 2007, the Crumb Rubber Company has received pass-through grants totaling \$337,500 and \$750,000, respectively.

7. Net Assets

Net assets are presented in the following categories:

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

Restricted for revolving loan fund - Consists of loans receivable and a cash account restricted for use by the Revolving Loan Fund (see Note F).

Unrestricted net assets - Consists of all other net assets that do not meet the definition of "invested in capital assets" or "restricted for revolving loan fund."

**TOWN OF COLONIE, NEW YORK
INDUSTRIAL DEVELOPMENT AGENCY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

8. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	<u>2008</u>	<u>2007</u>
Cash in checking accounts	\$ 80,078	\$ 29,058
Cash in money market account	<u>2,044,272</u>	<u>1,995,234</u>
Total cash	<u>\$ 2,124,350</u>	<u>\$ 2,024,292</u>
Cash - designated for revolving loan fund	<u>\$ 111,858</u>	<u>\$ 127,242</u>

Designated cash consists of funds held for use in the Agency's revolving loan fund. The Agency's investment policies are governed by State statutes. In addition, the Agency has its own written investment policy. Agency 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 Agency 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, 2008 and 2007, the collateral was sufficient to secure the Agency'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 Agency 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 Agency within two years of the date of purchase.

**TOWN OF COLONIE, NEW YORK
INDUSTRIAL DEVELOPMENT AGENCY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007**

NOTE C - CAPITAL ASSETS

Capital assets held at December 31, were as follows:

	<u>2007</u>	<u>Additions</u>	<u>Disposal</u>	<u>2008</u>
Capital assets, not being depreciated				
Land	\$ 4,893	\$ -	\$ -	\$ 4,893
Capital assets being depreciated				
Building and improvements	221,224	-	-	221,224
Furniture and equipment	8,725	-	-	8,725
Total	<u>229,949</u>	<u>-</u>	<u>-</u>	<u>229,949</u>
Less accumulated depreciation for				
Building and improvements	(175,901)	(6,429)	-	(182,330)
Furniture and equipment	(8,725)	-	-	(8,725)
Total	<u>(184,626)</u>	<u>(6,429)</u>	<u>-</u>	<u>(191,055)</u>
Total capital assets being depreciated, net	<u>45,323</u>	<u>(6,429)</u>	<u>-</u>	<u>38,894</u>
Capital assets, net	<u>\$ 50,216</u>	<u>\$ (6,429)</u>	<u>\$ -</u>	<u>\$ 43,787</u>

NOTE D - RELATED PARTY TRANSACTIONS

The Comptroller's office and the Department of Planning and Economic Development of the Town provide staff support and office space to the Agency. Under the terms of an annual agreement, the Agency paid the Town \$45,806 and \$28,710 for support services for the years ended December 31, 2008 and 2007, respectively.

The Colonie Youth Center, Inc. provides a location for youths in the community to participate in various activities. The Agency leases a building to the Colonie Youth Center, Inc. under a five-year lease which has an expiration of December 31, 2009. Under the terms of the lease, the Colonie Youth Center, Inc. pays rent of \$1.00 per year and is responsible for all normal operating expenses and minor repairs.

NOTE E - INDUSTRIAL REVENUE BOND AND NOTE TRANSACTIONS

Certain industrial development revenue bonds, notes, and straight leases issued by the Agency 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 Agency or the Town. The Agency 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 therefrom are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives administration fees from the borrowing companies. Such administrative fee income is recognized upon issuance of bonds, notes, and leases. Industrial revenue bonds issued by the Agency and outstanding at December 31, 2008 and 2007, were \$24,699,260 and \$25,707,826, respectively.

**TOWN OF COLONIE, NEW YORK
INDUSTRIAL DEVELOPMENT AGENCY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007**

NOTE F - REVOLVING LOAN FUND

The Agency has established the Town of Colonie Small Business Revolving Loan Trust Fund (Fund), which is administered by the Albany-Colonie Regional Chamber of Commerce (Chamber) for the purpose of providing loans to qualified small businesses. The Chamber is authorized and empowered to make loan commitments not to exceed \$25,000 to a single qualified borrower and to advance loan proceeds from the Fund. The Agency pays the Chamber an administrative fee, from interest income, for its services in connection with the Fund. Any and all other interest earned by the Fund becomes part of the principal of the Fund to be used to make additional loans. Principal payments from borrowers are also returned to the Fund.

During 2008, two additional loans totaling \$45,000 were issued. The Fund received repayments of \$25,544 and \$66,355 in principal and \$7,604 and \$7,673 in interest income during 2008 and 2007, respectively. Administrative fees of \$3,802 and \$3,837 during 2008 and 2007, respectively, were paid to the Chamber. At December 31, 2008 and 2007, the Chamber held \$93,674 and \$74,219 in loans receivable, net of allowance for bad debt of \$4,541 at December 31, 2007, in trust for the Agency.

NOTE G - MORTGAGE RECEIVABLE

During 2005, the Agency sold property occupied by the U.S. Postal Service to Colonie Ventures, Inc. for \$122,000, the balance of the rental balloon payment. The purchase was financed by the Agency with a 20-year mortgage for \$122,000 with a 5% annual interest rate. Payments will be made the first day of every month beginning on January 1, 2005 through December 31, 2024.

A summary of the Agency's mortgage receivable is as follows:

	December 31,	
	<u>2008</u>	<u>2007</u>
Colonie Ventures, Inc. monthly receipts of \$805, including principal and interest at 5%, due December 2024, secured by property located in the Town of Colonie	\$ 106,264	\$ 110,489
Less current portion	<u>4,449</u>	<u>4,233</u>
Mortgage receivable, less current portion	<u>\$ 101,815</u>	<u>\$ 106,256</u>

Interest income earned on the mortgage receivable was \$5,436 and \$5,635 for the years ended December 31, 2008 and 2007, respectively.

NOTE H - COMMITMENTS

During 2006, the Agency pledged \$39,629, to Advancing Tech Valley, to make annual installments of \$7,926 over five years. Advancing Tech Valley is a joint venture between the Albany-Colonie Regional Chamber of Commerce and the Center for Economic Growth.

**TOWN OF COLONIE, NEW YORK
INDUSTRIAL DEVELOPMENT AGENCY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2008 and 2007**

NOTE H - COMMITMENTS - Continued

A summary of the Agency's future payments are as follows:

2009	\$ 7,926
2010	<u>7,926</u>
	<u>\$ 15,852</u>

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Supervisor and Town Board
Town of Colonie, New York
Industrial Development Agency
Colonie, New York

Our audits were conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the Town of Colonie, New York, Industrial Development Agency's basic financial statements. The supplemental information listed in the Contents of this report is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bollam Sheedy Torani & Co LLP

Albany, New York
March 23, 2009

**TOWN OF COLONIE, NEW YORK
INDUSTRIAL DEVELOPMENT AGENCY**

**SCHEDULE OF INDEBTEDNESS
Year Ended December 31, 2008**

<u>Project Description</u>	<u>Original Issue Amount</u>	<u>Original Issue Date</u>	<u>Current Interest Rate</u>	<u>Outstanding January 1, 2008</u>	<u>Issued During 2008</u>	<u>Principal Payments 2008</u>	<u>Outstanding December 31, 2008</u>	<u>Final Maturity Date</u>
22 Corporate Woods Blvd.	\$ 30,000,000	03/93	7.63%	\$ 15,557,826	\$ -	\$ 812,872	\$ 14,744,954	3/1/2019
Saint Gregory's School	1,300,000	09/98	5.75%	350,000	-	-	350,000	9/1/2018
Colonie Youth Center, Inc.	9,800,000	12/07	4.46%	<u>9,800,000</u>	<u>-</u>	<u>195,694</u>	<u>9,604,306</u>	4/1/2015
				<u>\$ 25,707,826</u>	<u>\$ -</u>	<u>\$ 1,008,566</u>	<u>\$ 24,699,260</u>	

See Independent Auditor's Report on Supplemental Information.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Supervisor and Town Board
Town of Colonie, New York
Industrial Development Agency

We have audited the financial statements of the Town of Colonie, New York, Industrial Development Agency (Agency) as of and for the year ended December 31, 2008, and have issued our report thereon dated March 23, 2009. We conducted our audit 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures 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 Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including compliance with Investment Guidelines for Public Authorities, 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*.

We noted certain matters that we reported to management of the Agency in a separate letter dated March 23, 2009.

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

Bollam Sheedy Torani & Co. LLP

Albany, New York
March 23, 2009