Town of Colonie
Industrial Development Agency

Financial Report

December 31, 2013 and 2012

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December 31, 2013 and 2012

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Independent Auditor's Report

Chairman and Agency Board
Town of Colonie Industrial Development Agency
Latham, New York

Report on the Financial Statements

We have audited the accompanying statement of net position of the Town of Colonie Industrial Development Agency (Agency), as of December 31, 2013, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

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 audit. 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. 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 Town of Colonie Industrial Development Agency as of December 31, 2013, and the changes in its financial position and its cash flows for the year 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 6 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.

Prior Year Financial Statements

The financial statements of the Agency, as of and for the year ended December 31, 2012, were audited by Bollam, Sheedy, Torani & Co. LLP which merged with Sax Macy Fromm & Co., PC to form SaxBST LLP on January 1, 2014. Bollam, Sheedy, Torani & Co. LLP's report dated March 18, 2013, expressed an unmodified opinion on those statements.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Agency'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 12, 2014, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

SaxBST LLP

Albany, New York
March 12, 2014

Town of Colonie
Industrial Development Agency

Management's Discussion and Analysis
December 31, 2013 and 2012

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 Industrial Development Agency (Agency) for the years ended December 31, 2013 and 2012, as mandated by Governmental Accounting Standards Board Statement No. 34. This information should be reviewed in conjunction with the financial statements of the Agency.

Overview of Financial Statements

The Agency's financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 Position* present information on the Agency'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 Agency's financial position.

The *Statements of Revenues, Expenses, and Changes in Net Position* present information showing how the Agency'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 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 financial statements and accompanying notes, this report also presents the *Supplementary Schedule of Indebtedness*.

Financial Highlights

- The Agency's net position decreased $648,623 from December 31, 2013 to 2012, as compared to an increase of $103,264 from December 31, 2011 to 2012. This substantial decrease is the direct result of public benefit projects undertaken by the Agency during 2013 (see table on page 6). 2013 projects include expansion of water lines in the Railroad Avenue corridor, completion of the Mohawk River Landing Park and Winding Creek Bike Path projects, and installation of sidewalks along a portion of the Route 9 corridor.

- The Agency was presented with several projects during 2013. Several of the projects are still in the planning phases and, therefore, have generated no administrative fee revenues.

- As part of the Route 9 sidewalk project, the Agency loaned the Town of Colonie $400,000 to fund the required New York State deposit. This deposit will be returned to the Agency at the conclusion of the project.

Financial Highlights - Continued

- The Agency, under an agreement with the Albany-Colonie Regional Chamber of Commerce, continues to maintain the Small Business Entrepreneurial Loan Program (SBEL). In 2013, the Agency paid $1,555 to the Albany-Colonie Regional Chamber of Commerce for management of this program. At December 31, 2013, the program had a net loan receivable balance of approximately $20,000.

Financial Analysis of the Agency

The table below presents condensed financial information derived from the Agency's financial statements as of December 31, 2013, 2012, and 2011.

Condensed Statement of Net Position

	2013	2012	2011	Increase (Decrease) 2013-2012	Increase (Decrease) 2012-2011
ASSETS					
Current assets	$1,652,333	$2,206,807	$2,064,370	$ (554,474)	$ 142,437
Noncurrent assets	8,391	53,707	107,484	(45,316)	(53,777)
Total assets	**$1,660,724**	**$2,260,514**	**$2,171,854**	**$ (599,790)**	**$ 88,660**
LIABILITIES AND NET POSITION					
LIABILITIES	$ 67,100	$ 18,267	$ 32,871	$ 48,833	$ (14,604)
NET POSITION					
Invested in capital assets	6,151	18,475	24,638	(12,324)	(6,163)
Restricted	188,916	203,831	201,343	(14,915)	2,488
Unrestricted	1,398,557	2,019,941	1,913,002	(621,384)	106,939
Total net position	1,593,624	2,242,247	2,138,983	(648,623)	103,264
Total liabilities and net position	**$1,660,724**	**$2,260,514**	**$2,171,854**	**$ (599,790)**	**$ 88,660**

The overall decrease in net position from 2011 to 2013 is the result of the Agency's efforts to support economic development within the Town of Colonie, as mandated by New York State Law.

Current assets decreased $554,500 at December 31, 2013, compared to an increase of $142,400 at December 31, 2012, while noncurrent assets decreased $45,316 at December 31, 2013, compared to a decrease of $53,777 at December 31, 2012.

The 2013 decrease in current assets resulted from the increase in economic development costs and activities during the year which resulted in an operating deficit of about $647,000. Current assets within the SBEL program increased $18,000 as existing loan repayments are outpacing the issuance of net loans. During 2013, the Chamber and Agency determined it appropriate that one of the loans should have an allowance established due to bankruptcy proceedings of the borrower.

Financial Analysis of the Agency - Continued

Accounts and accrued payables increased $48,800 at December 31, 2013, due to the timing of the payments of certain economic development costs incurred for 2013.

The table below presents condensed financial information derived from the financial statements of the Agency for the years ended December 31, 2013, 2012, and 2011.

Condensed Statement of Activities

	2013	2012	2011	Increase (Decrease) 2013-2012	Increase (Decrease) 2012-2011
Revenues					
Administrative fees	$ -	$ 410,852	$ 167,500	$(410,852)	$ 243,352
Application income	1,000	1,500	500	(500)	1,000
Refund of prior year expenses	-	-	4,196	-	(4,196)
Environmental Benefit Project Funds	-	13,000	-	(13,000)	13,000
Interest income	6,530	9,339	12,082	(2,809)	(2,743)
Total revenue	7,530	434,691	184,278	(427,161)	250,413
Expenses					
Administrative expenses	19,603	21,054	22,905	(1,451)	(1,851)
Alternative energy grants	-	-	15,000	-	(15,000)
Bad debts	16,825	-	-	16,825	-
Depreciation and impairment	14,211	6,163	6,291	8,048	(128)
Economic development costs	9,042	-	-	9,042	-
Administrative and management fees	58,843	58,345	52,047	498	6,298
Professional fees	20,068	21,015	35,490	(947)	(14,475)
Public benefit projects	517,561	224,850	35,537	292,711	189,313
Total expenses	656,153	331,427	167,270	324,726	164,157
Change in net position	**$(648,623)**	**$ 103,264**	**$ 17,008**	**$(751,887)**	**$ 86,256**

Activities for the Years Ended 2013, 2012, and 2011

The Agency's annual fees for services are tied to the size and timing of economic activity projects. The table below details administrative fee revenue for the years ended December 31, 2013 to 2009.

	2013	2012	2011	2010	2009
Project					
Angio Dynamics	$ -	$ -	$ -	$ -	$ 12,500
Computer Sciences Corp	-	-	-	-	29,595
First Columbia-14, LLC	-	-	-	-	43,320
DW Diesel	-	-	-	-	1,000
JDMH Realty: Jetro Restaurant Depot	-	21,250	-	-	-
Loudon Square	-	-	-	-	17,500
Precision Valve	-	-	-	15,500	18,750
Shaker Pointe at Carondolet	-	115,000	167,500	-	-
Shelter Cove	-	140,000	-	-	-
SRS:Shop Rite/Otto Cadillac	-	134,602	-	-	-
Total	**$ -**	**$ 410,852**	**$ 167,500**	**$ 15,500**	**$ 122,665**

Activities for the Years Ended 2013, 2012, and 2011 - Continued

Interest earnings decreased in 2013 by $2,809 as compared to a decrease of $2,743 in 2012. The decrease in interest income is principally due to lower average cash balances as funds were utilized to fund public benefit project costs throughout 2013. Additionally, the Small Business Entrepreneurial Loan Program continues to generate less interest income as loans are paid off and not replaced by new issuances.

Professional fees remained at 2012 levels during 2013, with only a $947 decrease due to a continued decline in legal fees. Public benefit project costs increased in 2013 by $292,711 as compared to an increase of $189,313 in 2012. The table below presents a summary of the public benefit project costs for the years ended December 31, 2013 to 2009.

Project	Total Incurred To Date	2013	2012	2011	2010	2009
Adirondack Steel Site	$ 53,463	$ -	$ -	$ -	$ 36,877	$ 16,586
Colonie Lincoln Avenue BOA	9,375	4,375	5,000	-	-	-
Colonie Town Pool Handicap Access	14,631	14,631	-	-	-	-
Mohawk Riverside Landing Park	122,953	97,179	15,738	10,036	-	-
Northway Mall Rd/Warehouse Row Water Infrastructure	265,000	265,000	-	-	-	-
River Road Waste Water Treatment Plant Demolition	207,639	-	182,783	24,856	-	-
Route 9 Corridor Sidewalks	91,000	91,000	-	-	-	-
Winding Creek Bike Path Improvements	84,920	45,376	21,329	645	17,570	-
Total	**$ 848,981**	**$ 517,561**	**$ 224,850**	**$ 35,537**	**$ 54,447**	**$ 16,586**

Administrative expenses and management fees also remained stable in 2013 decreasing by $1,451, and increasing by $498, respectively, from 2012. Management and administrative fees are paid to the Town of Colonie and Albany-Colonie Chamber of Commerce, respectively, under service agreements.

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, Colonie Town Hall, 534 Loudon Road, Latham, New York 12110.

Town of Colonie
Industrial Development Agency

Statements of Net Position

	December 31,	
	2013	**2012**
ASSETS		
CURRENT ASSETS		
Cash	$1,058,566	$1,888,554
Due from Town of Colonie	400,000	-
Administrative fees receivable	-	142,800
Prepaid expenses	6,526	6,289
Restricted assets		
Cash, restricted for revolving loan fund	168,454	127,934
Accrued interest	235	158
Loans receivable, current portion, net	18,552	41,072
Total current assets	1,652,333	2,206,807
CAPITAL ASSETS, net	6,151	18,475
OTHER ASSETS, less current portion		
Deposits	565	565
Restricted assets		
Loans receivable, net	1,675	34,667
Total other assets	2,240	35,232
	$1,660,724	**$2,260,514**
LIABILITIES AND NET POSITION		
LIABILITIES		
Accounts payable	$ 66,312	$ 307
Accrued payables	788	17,960
Total current liabilities	67,100	18,267
NET POSITION		
Invested in capital assets	6,151	18,475
Restricted for revolving loan fund	188,916	203,831
Unrestricted	1,398,557	2,019,941
	1,593,624	2,242,247
	$1,660,724	**$2,260,514**

See accompanying Notes to Financial Statements.

Town of Colonie
Industrial Development Agency

Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended December 31,	
	2013	**2012**
OPERATING REVENUES		
Administrative fees	$ -	$ 410,852
Application income	1,000	1,500
Environmental Benefit Project Funds	-	13,000
	1,000	425,352
OPERATING EXPENSES		
Administrative fees	1,555	2,332
Association dues	8,490	8,350
Bad debt expense	16,825	-
Building security and utilities	3,017	3,055
Conferences and travel	3,150	4,500
Depreciation	5,867	6,163
Economic development costs	9,042	-
Insurance	4,350	3,859
Legal fees	7,738	5,350
Management fees	57,288	56,013
Postage, office supplies, and other	596	1,290
Professional fees	11,620	13,250
Public benefit projects	517,561	224,850
Website maintenance	710	2,415
	647,809	331,427
Operating income (loss)	**(646,809)**	**93,925**
OTHER INCOME (EXPENSE)		
Impairment loss	(8,344)	-
Interest income	6,530	9,339
Change in net position	**(648,623)**	**103,264**
NET POSITION, *beginning of year*	2,242,247	2,138,983
NET POSITION, *end of year*	**$ 1,593,624**	**$ 2,242,247**

See accompanying Notes to Financial Statements.

Town of Colonie
Industrial Development Agency

Statements of Cash Flows

	Years Ended December 31,	
	2013	**2012**
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Receipts from customers	$ 143,800	$ 269,552
Payments to vendors	(576,521)	(340,065)
Receipts from other operating sources	-	13,000
	(432,721)	**(57,513)**
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	**(1,887)**	**-**
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Interest income earned	6,453	9,412
Repayment (issuance) of related party advances	(400,000)	16,294
Issuances of revolving loan fund	-	(20,000)
Payments on revolving loan fund	38,687	49,132
Change in cash restricted for loan fund	(40,520)	(31,693)
	(395,380)	**23,145**
Net decrease in cash	**(829,988)**	**(34,368)**
CASH, *beginning of year*	1,888,554	1,922,922
CASH, *end of year*	**$ 1,058,566**	**$ 1,888,554**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	$ (646,809)	$ 93,925
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Bad debts	16,825	-
Depreciation	5,867	6,163
(Increase) decrease in		
Accounts receivable	142,800	(142,800)
Advances to related parties	-	-
Prepaid expenses	(237)	(292)
Deposits	-	95
Increase (decrease) in		
Accounts payable	66,005	(25,239)
Accrued expenses	(17,172)	10,635
	$ (432,721)	**$ (57,513)**

See accompanying Notes to Financial Statements.

Note 1 - Organization and Summary of Significant Accounting Policies

a. Organization and Purpose

The Town of Colonie Industrial Development Agency (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 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 bonds issued by the Agency. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

b. Basis of Accounting and Financial Statement Presentation

The accounts of the Agency are maintained in a single proprietary fund on the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) for government entities. The Governmental Accounting Standards Board (GASB) is the primary standard-setting body for establishing governmental accounting and financial reporting principles. With this measurement focus, all assets and liabilities associated with operations are included on the statement of net position.

Net position is presented in the following categories:

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

Restricted for revolving loan fund - Consists of net loans receivable, accrued interest earnings, and a cash account restricted for use by the Revolving Loan Fund (Note 6).

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

c. Estimates

In preparing financial statements, management is required 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, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

d. Early Application of Accounting Pronouncements

Management has elected to early implement the following as of January 1, 2013:

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement established accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement provides specific accounting and financial reporting guidance for combinations in this environment and improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. This statement is effective for periods beginning after December 15, 2013, applied on a prospective basis, with early application encouraged.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

d. Early Application of Accounting Pronouncements - Continued

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement provides financial reporting and disclosure guidance to those governments that extend and receive nonexchange financial guarantees, thereby enhancing comparability of financial statements among governments. This statement is effective for periods beginning after June 15, 2013, with early application encouraged.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability previously this was required not to be reported. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. This statement is effective for periods beginning after June 15, 2014, with early application encouraged.

GASB Statements No. 69, 70, and 71 had no impact on the Agency's financial statements.

e. Receivables

Receivables consist of administrative fees receivable and Small Business Entrepreneurial loans. Administrative fees receivable are carried at original invoice amount. Management considers these receivables to be fully collectible; accordingly, there is no allowance for doubtful accounts.

Loans are carried at amortized amounts, based on paydown of principal. Management records an allowance on loans based on a review of the outstanding loan balances and its collection history. At December 31, 2013, the allowance for uncollectible loans receivable was $16,825. There was no such allowance for uncollectible loans at December 31, 2012.

f. 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.

Description	Estimated Life
Building and improvements	5-30 years
Furniture and equipment	10 years
Intangible assets	3 years

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

g. 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. No such grants occurred during 2013 or 2012.

h. Subsequent Events

The Agency has evaluated subsequent events for potential recognition or disclosure through March 12, 2014, the date the financial statements were available to be issued.

Note 2 - Cash

Cash consists of:

	December 31,	
	2013	2012
Cash in checking accounts	$ 4,255	$ 1,359
Cash in money market account	1,054,311	1,887,195
Total cash	$ 1,058,566	$ 1,888,554
Cash, restricted for revolving loan fund	$ 168,454	$ 127,934

Restricted 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, 2013 and 2012, the collateral was sufficient to secure the Agency's deposits in excess of the FDIC insurance.

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.

Note 3 - Capital Assets, Net

Capital assets are as follows:

	December 31,			
	2012	Additions	Disposal	2013
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
Intangible assets	-	1,887	-	1,887
Total	229,949	1,887	-	231,836
Less accumulated depreciation for				
Building and improvements	(207,642)	(13,582)	-	(221,224)
Furniture and equipment	(8,725)	-	-	(8,725)
Intangible assets	-	(629)	-	(629)
Total	(216,367)	(14,211)	-	(230,578)
Total capital assets being depreciated, net	13,582	(12,324)	-	1,258
Capital assets, net	$ 18,475	$ (12,324)	$ -	$ 6,151

During 2013, certain capital assets were deemed impaired as a result of physical damage sustained to the property. The Agency recorded an impairment loss of $8,344 as December 31, 2013.

Note 4 - Related Party Transactions

Transactions with the Town are as follows:

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 $56,013 for support services for each of the years ended December 31, 2013 and 2012. The Agency also reimburses the Town for direct costs incurred by the Town of behalf of the Agency.

During 2013, the Agency entered into a grant agreement with the Town related to an agreement the Town entered into with the New York State Department of Transportation under a multi-modal program capital project for the construction of a sidewalk along the east side of Route 9. Under the grant agreement, the Agency advanced a total of $491,000 to the Town to be placed on deposit with the New York State Comptroller's Office. The Town and the Agency expect that, upon completion of the project, $400,000 will be returned to the Town and Agency. The Agency has recorded the $400,000 as due from the Town. The remaining $91,000 has been recorded as a public benefit project expense and represents the Town's portion of the estimated project costs which were previously agreed to be funded by the Agency.

Note 5 - 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 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 there from 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. There were no new issuances of industrial revenue bonds during 2013 and 2012. Industrial revenue bonds outstanding at December 31, 2013 and 2012, were $6,590,000 and $17,569,496, respectively.

Note 6 - Revolving Loan Fund

The Agency 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 2012, the Fund issued a term loan of $20,000. No loans were issued during 2013. The Fund received principal payments of $38,687 and $49,132, together with payments for interest of $3,110 and $4,665 during 2013 and 2012, respectively. Administrative fees of $1,555 and $2,332 during 2013 and 2012, respectively, were paid to the Chamber. At December 31, 2013 and 2012, the Chamber held $20,227 and $75,739 in loans receivable, net of allowance, in trust for the Agency. At December 31, 2013, the allowance for uncollectible loans was $16,825, as the Chamber and Agency had determined one loan to be potentially uncollectible. During 2012, a loan was written off against an allowance as the Chamber and Agency determined the loan to be uncollectible. At December 31, 2012, there was no allowance for uncollectible loans.

Town of Colonie
Industrial Development Agency

Supplementary Information - Schedule of Indebtedness

Project Description	Original Issue Amount	Original Issue Date	Current Interest Rate	Outstanding January 1, 2013	Issued During 2013	Principal Payments/ Refinance 2013	Outstanding December 31, 2013	Final Maturity Date
22 Corporate Woods Blvd.	$ 30,000,000	03/93	7.63%	$ 10,774,496	$ -	$ 10,774,496	$ -	n/a
Saint Gregory's School	1,300,000	09/98	5.75%	350,000	-	-	350,000	9/1/2018
One Mustang Drive II, LLC	5,880,000	09/10	2.83%	5,880,000	-	-	5,880,000	9/1/2030
One Mustang Drive II, LLC	970,000	09/10	3.94%	565,000	-	205,000	360,000	9/1/2015
				$ 17,569,496	**$ -**	**$ 10,979,496**	**$ 6,590,000**	

See Independent Auditor's Report.

SAXBST
ACCOUNTING / TAX / ADVISORY

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*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of net position of the Town of Colonie Industrial Development Agency (Agency), as of December 31, 2013, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 12, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency'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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SaxBST LLP

Albany, New York
March 12, 2014