

**Town of Colonie
Industrial Development Agency**

Financial Report

December 31, 2017 and 2016

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Industrial Development Agency**

Financial Report

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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 financial statements of the Town of Colonie Industrial Development Agency (Agency), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the accompanying table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 Agency as of December 31, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 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 19, 2018, 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.

BST & CO. CPAs, LLP

Albany, New York
March 19, 2018



Town of Colonie Industrial Development Agency

Management's Discussion and Analysis December 31, 2017 and 2016

The following Management's Discussion and Analysis (MD&A) provides a narrative overview and analysis of the financial activities of the Town of Colonie Industrial Development Agency (Agency) for the fiscal years ended December 31, 2017 and 2016. The MD&A is intended to serve as an introduction to the Agency's basic financial statements. The MD&A is designed to assist the reader in focusing on significant matters, and provide an overview of the Agency's financial activities. The following presentation is summarized. In order to gain a thorough understanding of the Agency's financial condition, the following financial statements and notes should be reviewed in their entirety.

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 the 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 and cash equivalent 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 *Supplemental Schedule of Indebtedness*, which is required under New York State law, not by U.S. GAAP.

Financial Highlights

- The Agency's net position decreased \$65,755 from December 31, 2016 to 2017, as compared to a decrease of \$17,227 from December 31, 2015 to 2016. These decreases result from a lower number of projects applying for Agency assistance during 2017 and 2016. No projects were applied for in 2016, but a 2015 project closed during 2016. Four projects applied to the Agency during 2017, one closed in 2017, one is anticipated to close in the spring of 2018, and the other two are working through the application process and, if approved, would generate administrative fees in the second half of 2018.
- The fees of \$77,862 collected by the Agency in 2016 related to a senior residential community known as the Colonie Senior Service Center Elks Lane project. In 2017, the fees of \$12,962 were related to the refunding of industrial revenue bonds for a project originally financed in 2010.

Town of Colonie Industrial Development Agency

Management's Discussion and Analysis December 31, 2017 and 2016

Financial Highlights - Continued

- The Agency was awarded a \$250,000 grant from the New York State Department of State in 2015, and executed the contract in 2016, for the Lincoln Avenue Brownfield Opportunity Area (BOA) study. The Lincoln Avenue BOA study encompasses about a 350-acre area, which holds three designated brownfields, and will examine the potential for redevelopment of these sites in conjunction with identifying future uses of the area abutting the pre-existing residential area within the BOA study area. Upon execution, the Agency was advanced \$66,600, which was reported as unearned revenue at December 31, 2016. During 2017, the Agency began the BOA study and has incurred \$126,481 of costs, which exceeds the initial advance. As a result, a grant receivable for \$59,881, and the unearned revenue from 2016, have been recognized as revenue at December 31, 2017.
- During 2017, Agency expenses, exclusive of the BOA study, remained stable at 2016 levels, which approximated \$99,000. Legal fees and website maintenance costs declined slightly which were offset by the costs of an economic study commissioned by the Agency.
- The Agency, under an agreement with the Albany-Colonie Regional Chamber of Commerce, continues to maintain the Town of Colonie Small Business Entrepreneurial Loan (SBEL) Program. In 2017, the Agency paid \$896 to the Albany-Colonie Regional Chamber of Commerce for management of this program. At December 31, 2017, the program had net loans receivable of approximately \$23,700 compared to \$30,300 at December 31, 2016.

Financial Analysis of the Agency

The table below presents condensed financial information derived from the Agency's financial statements as of December 31, 2017, 2016, and 2015.

Condensed Statement of Net Position

	2017	2016	2015	Increase (Decrease) 2017-2016	Increase (Decrease) 2016-2015
ASSETS					
Current assets	\$ 1,293,505	\$ 1,412,333	\$ 1,341,199	\$ (118,828)	\$ 71,134
Noncurrent assets	43,211	18,445	24,016	24,766	(5,571)
Total assets	<u>\$ 1,336,716</u>	<u>\$ 1,430,778</u>	<u>\$ 1,365,215</u>	<u>\$ (94,062)</u>	<u>\$ 65,563</u>
LIABILITIES					
	\$ 55,374	\$ 83,681	\$ 891	\$ (28,307)	\$ 82,790
NET POSITION					
Investment in capital assets	28,536	6,560	4,893	21,976	1,667
Restricted	191,274	187,510	186,057	3,764	1,453
Unrestricted	1,061,532	1,153,027	1,173,374	(91,495)	(20,347)
Total net position	<u>1,281,342</u>	<u>1,347,097</u>	<u>1,364,324</u>	<u>(65,755)</u>	<u>(17,227)</u>
Total liabilities and net position	<u>\$ 1,336,716</u>	<u>\$ 1,430,778</u>	<u>\$ 1,365,215</u>	<u>\$ (94,062)</u>	<u>\$ 65,563</u>

The overall decrease in net position from 2015 to 2017 is the result of the lower project activity that generates administrative fees. Administrative fees are used to support the Agency's operating costs and mission of supporting economic development within the Town of Colonie.

Town of Colonie Industrial Development Agency

Management's Discussion and Analysis December 31, 2017 and 2016

Financial Analysis of the Agency - Continued

Current assets decreased \$118,828 at December 31, 2017, compared to an increase of \$71,134 at December 31, 2016, while non-current assets increased \$24,766 at December 31, 2017, compared to a decrease of \$5,571 at December 31, 2016.

The 2017 decrease in current assets results from the net operating loss sustained by the Agency. In 2016, the increase in current assets resulted from \$66,600 in advanced grant revenue related to the Lincoln Avenue BOA study, offset by normal operating expenses of the Agency, with only one economic development project. Current assets within the SBEL program increased \$974 with no issuance of new loans and \$9,212 in payments. No loans were written off during 2017 and 2016, and the previously established allowance of \$6,232, was reduced to \$3,668 during 2017 and appears to be sufficient at December 31, 2017.

Accounts payable and accrued expenses increased \$38,293 at December 31, 2017, due to the timing of the payments of certain operating and BOA study costs incurred for 2017. All of the grant revenue received during 2016 related to the Lincoln Avenue BOA study earned by the Agency during 2017 and as such has been recognized in 2017 grant revenue.

The table below presents condensed financial information derived from the financial statements of the Agency for the years ended December 31, 2017, 2016, and 2015.

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

	2017	2016	2015	Increase (Decrease) 2017-2016	Increase (Decrease) 2016-2015
REVENUES					
Administrative fees	\$ 12,962	\$ 77,862	\$ -	\$ (64,900)	\$ 77,862
Application income	1,000	-	250	1,000	(250)
New York State Grant	126,481	-	-	126,481	-
Recovery of bad debts	2,564	-	-	2,564	-
Other	13,695	-	52	13,695	(52)
Interest income	3,513	3,528	3,712	(15)	(184)
	<u>160,215</u>	<u>81,390</u>	<u>4,014</u>	<u>78,825</u>	<u>77,376</u>
EXPENSES					
Administrative expenses	16,424	17,932	17,283	(1,508)	649
Depreciation	833	833	629	-	204
Administrative and management fees	50,896	51,219	70,366	(323)	(19,147)
Professional fees	31,336	28,633	66,240	2,703	(37,607)
Public benefit projects	126,481	-	-	126,481	-
Total expenses	<u>225,970</u>	<u>98,617</u>	<u>154,518</u>	<u>127,353</u>	<u>(55,901)</u>
Change in net position	<u>\$ (65,755)</u>	<u>\$ (17,227)</u>	<u>\$ (150,504)</u>	<u>\$ (48,528)</u>	<u>\$ 133,277</u>

Activities for the Years Ended 2017 to 2013

The Agency's annual fees for services are tied to the size and timing of economic activity projects. There was one project that generated fees in 2016 as compared to none in 2015. The Agency was presented with no other projects in 2016. Four projects applied to the Agency in 2017, but only one was able to close before the end of 2017. One is expected to close in January 2018, and the other two are working their way through the process and if approved would generate administrative fees before the close of 2018.

Town of Colonie Industrial Development Agency

Management's Discussion and Analysis December 31, 2017 and 2016

Activities for the Years Ended 2017 to 2013 - Continued

The table below presents a summary of the administrative fee revenue for the years ended December 31, 2017 to 2013.

Project	2017	2016	2015	2014	2013
Colonie Senior Service Centers	\$ -	\$ 77,862	\$ -	\$ -	\$ -
One Mustang Drive II, LLC	12,962	-	-	-	-
Shelter Cove	-	-	-	20,000	-
Total	\$ 12,962	\$ 77,862	\$ -	\$ 20,000	\$ -

Interest earnings decreased in 2017 by \$15 as compared to a decrease of \$184 in 2016. The decrease in interest income is principally due to less interest generated by the SBEL program through loan repayments in 2017. The cash balances were slightly higher for much of 2017, which resulted in higher interest rates, as compared to 2016. This offset the decreased income for the SBEL program.

Administrative expenses and depreciation expense remained relatively stable during 2017 and 2016 resulting in decreases of \$1,508 and increase of \$649, respectively. Professional fees remained stable with a slight increase of \$2,703 in 2017, as opposed to the significant decrease in 2016. This was the result of lower legal and website maintenance fees, offset by the cost of an economic study commissioned by the Agency. The 2016 decrease of \$37,607 was due to declines in legal fees and website maintenance, as compared to the \$44,340 increases in those costs in 2015.

There were no public benefit projects undertaken in 2016 and 2015. However, with the award of the \$250,000 grant from the New York State Department of State in 2015, and executed contract in 2016, for the Lincoln Avenue Brownfield Opportunity Area (BOA) study, the Agency was able to begin the study in 2017. Additionally, during 2017, the New York State Department of Transportation refunded to the Agency overestimated engineering fees related to the Route 9 Corridor Sidewalk project from 2013. This refund is included within these financial statements as other revenue. The table below presents a summary of the public benefit project costs for the years ended December 31, 2017 to 2013.

Project	Total Incurred to Date	2017	2016	2015	2014	2013
Colonie Lincoln Avenue Brownfield Opportunity Area	\$ 130,856	\$ 126,481	\$ -	\$ -	\$ -	\$ 4,375
Colonie Town Pool Handicap Access	14,631	-	-	-	-	14,631
Mohawk Riverside Landing Park	108,021	-	-	-	10,842	97,179
Northway Mall Rd/Warehouse Row Water Infrastructure	265,000	-	-	-	-	265,000
Route 9 Corridor Sidewalks	77,305	(13,695)	-	-	-	91,000
Winding Creek Bike Path Improvements	45,376	-	-	-	-	45,376
Total	\$ 641,189	\$ 112,786	\$ -	\$ -	\$ 10,842	\$ 517,561

Management and administrative fees are paid to the Town of Colonie and Albany-Colonie Chamber of Commerce, respectively, under service agreements and decreased by \$323 in 2017, compared to the decrease of \$19,147 in 2016. The 2016 decrease was the result of a renegotiated contract with the Town of Colonie.

Town of Colonie Industrial Development Agency

Management's Discussion and Analysis
December 31, 2017 and 2016

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 Town of Colonie Comptroller's Office, at Colonie Town Hall, 534 Loudon Road, Latham, New York 12110.

Town of Colonie Industrial Development Agency

Statements of Net Position

ASSETS	December 31,	
	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,050,320	\$ 1,230,085
Grants receivable	59,881	-
Prepaid expenses	6,705	6,623
Restricted assets		
Cash, restricted for revolving loan fund	167,542	155,108
Due from related entity	-	2,006
Accrued interest	48	64
Loans receivable, current portion, net	9,009	18,447
Total current assets	1,293,505	1,412,333
NON-CURRENT ASSETS		
Restricted assets		
Loans receivable, net of current portion	14,675	11,885
Capital assets, net		
Non-depreciable	27,702	4,893
Depreciable, net	834	1,667
Total non-current assets	43,211	18,445
	\$ 1,336,716	\$ 1,430,778
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 2,400	\$ 947
Accrued expenses	52,974	16,134
Unearned revenue	-	66,600
Total current liabilities	55,374	83,681
NET POSITION		
Investment in capital assets	28,536	6,560
Restricted for revolving loan fund	191,274	187,510
Unrestricted	1,061,532	1,153,027
	1,281,342	1,347,097
	\$ 1,336,716	\$ 1,430,778

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,	
	2017	2016
OPERATING REVENUES		
Administrative fees	\$ 12,962	\$ 77,862
Application income	1,000	-
New York State Grant	126,481	-
Recovery of bad debt	2,564	-
Other	13,695	-
	156,702	77,862
OPERATING EXPENSES		
Administrative fees	896	1,219
Association dues	8,350	8,545
Building related costs	254	244
Conferences and travel	2,875	3,050
Depreciation	833	833
Insurance	4,845	4,835
Legal fees	11,855	15,633
Management fees	50,000	50,000
Postage, office supplies, and other	-	1,258
Professional fees	18,000	10,800
Transcription fees	231	-
Public benefit projects	126,481	-
Subscriptions	100	-
Website maintenance	1,250	2,200
	225,970	98,617
Operating loss	(69,268)	(20,755)
OTHER INCOME		
Interest income	3,513	3,528
Change in net position	(65,755)	(17,227)
NET POSITION, <i>beginning of year</i>	1,347,097	1,364,324
NET POSITION, <i>end of year</i>	\$ 1,281,342	\$ 1,347,097

See accompanying Notes to Financial Statements.

Town of Colonie Industrial Development Agency

Statements of Cash Flows

	Years Ended December 31,	
	2017	2016
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Receipts from customers	\$ 13,962	\$ 77,862
Payments to vendors	(173,231)	(81,545)
Receipts from operating grants	-	66,600
	(159,269)	62,917
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(22,809)	(2,500)
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Interest income earned	3,529	3,587
Issuance of related-party advances	2,006	(2,006)
Payments received on revolving loan fund loans	9,212	18,369
	14,747	19,950
Net (decrease) increase in cash and cash equivalents	(167,331)	80,367
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	1,385,193	1,304,826
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 1,217,862	\$ 1,385,193
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss	\$ (69,268)	\$ (20,755)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities		
Recovery of bad debt	(2,564)	-
Depreciation	833	833
(Increase) decrease in		
Grants receivable	(59,881)	-
Prepaid expenses	(82)	49
Increase (decrease) in		
Accounts payable	1,453	556
Accrued expenses	36,840	15,634
Unearned revenue	(66,600)	66,600
	\$ (159,269)	\$ 62,917

See accompanying Notes to Financial Statements.

Town of Colonie Industrial Development Agency

Notes to Financial Statements
December 31, 2017 and 2016

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. Neither 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 loans receivable net of allowances for uncollectable balances, 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 does not meet the definition of "invested in capital assets" or "restricted for revolving loan fund."

c. Estimates

The preparation of financial statements in accordance with U.S. GAAP 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 and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

d. Cash and Cash Equivalents

The Agency's cash and cash equivalents are defined as restricted and unrestricted short-term, highly liquid investments that mature within 90 days from the date of purchase.

e. Receivables

Small Business Entrepreneurial 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. The allowance for uncollectible loans receivables was \$3,668 and \$6,232 at December 31, 2017 and 2016, respectively. The allowance is reviewed annually based on collection history of the loans and known facts and circumstances.

Town of Colonie Industrial Development Agency

Notes to Financial Statements
December 31, 2017 and 2016

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

f. Receivables - Continued

The Agency was awarded a \$250,000 grant from the New York State Department of State in 2015, and executed the contract in 2016, for the Lincoln Avenue Brownfield Opportunity Area (BOA) study. Grant revenue is recognized as related grant expenses are incurred. Upon execution, the Agency was advanced \$66,600, which was reported as unearned revenue at December 31, 2016. During 2017, the Agency began the BOA study and has incurred \$126,481 of costs, which exceeds the initial advance. As a result, a grant receivable for \$59,881, and the unearned revenue from 2016, have been recognized as revenue at December 31, 2017.

Receipt of the grant is conditioned upon compliance with terms and conditions of the agreement and applicable State regulations, including expenditure of resources for eligible purposes. The Agency is subject to audits and reviews of reimbursable costs by the State, the outcome of which may have the effect of retroactively increasing or decreasing grant revenue. The Agency believes it has complied with all applicable terms, conditions and regulations.

g. 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
Intangible assets	3 years

g. Subsequent Events

The Agency has evaluated subsequent events for potential recognition or disclosure through March 19, 2018, the date the financial statements were available to be issued.

Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consist of:

	December 31,	
	2017	2016
<i>Unrestricted</i>		
Cash in checking accounts	\$ 1,719	\$ 1,958
Cash and cash equivalents in money market account	1,048,601	1,228,127
Total unrestricted cash and cash equivalents	1,050,320	1,230,085
<i>Restricted</i>		
Cash, restricted for revolving loan fund	167,542	155,108
Total cash and cash equivalents	\$ 1,217,862	\$ 1,385,193

Town of Colonie Industrial Development Agency

Notes to Financial Statements
December 31, 2017 and 2016

Note 2 - Cash and Cash Equivalents - Continued

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 Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, obligations of New York State or its localities, and Certificates of Participation.

In accordance with the provisions of Section 10 of the General Municipal Law of New York State, all 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, must be collateralized by a pledge of eligible securities, letters of credit, or surety bonds. As of December 31, 2017 and 2016, the collateral was sufficient to secure the Agency's deposits in excess of 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 must 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, must 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,			
	2016	Additions	Disposal	
Capital assets, not being depreciated				
Land	\$ 4,893	\$ 22,809	\$ -	\$ 27,702
Capital assets being depreciated				
Building and improvements	221,224	-	(221,224)	-
Intangible assets	4,387	-	-	4,387
Total	<u>225,611</u>	<u>-</u>	<u>(221,224)</u>	<u>4,387</u>
Less accumulated depreciation for				
Building and improvements	(221,224)	-	221,224	-
Intangible assets	(2,720)	(833)	-	(3,553)
Total	<u>(223,944)</u>	<u>(833)</u>	<u>221,224</u>	<u>(3,553)</u>
Total capital assets being depreciated, net	<u>1,667</u>	<u>(833)</u>	<u>-</u>	<u>834</u>
Capital assets, net	<u>\$ 6,560</u>	<u>\$ 21,976</u>	<u>\$ -</u>	<u>\$ 28,536</u>

During 2017, the Agency demolished a fully depreciated structure on the land in preparation for potential sale. These costs were capitalized as an improvement to the land.

Town of Colonie Industrial Development Agency

Notes to Financial Statements
December 31, 2017 and 2016

Note 4 - Related Party Transactions

The Town of Colonie Comptroller's Office, Purchasing Department and the Department of Planning and Economic Development provide staff support and office space to the Agency. Under the terms of an annual agreement, the Agency paid the Town \$50,000 for support services for both the years ended December 31, 2017 and 2016.

Note 5 - Industrial Revenue Bond and Note Transactions

Industrial development revenue bonds issued by the Agency are secured by property which is leased to companies and is retired by these payments. The bonds are not obligations of the Agency or the Town. The Agency does not record the assets or liabilities resulting from bonds issued in its accounts, since its primary function is to arrange the financing between the borrowing companies and the bonds, 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. There were no new issuances of industrial revenue bonds during 2017 and 2016. However, an industrial revenue bond issued in 2010 was refunded in 2017. The Agency had industrial revenue bonds outstanding totaling \$5,160,000 and \$5,810,000 at December 31, 2017 and 2016, 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.

At December 31, 2016, the Chamber owed the Fund \$2,006 related to activity occurring within the Fund during the fourth quarter of 2016. No amounts were owed at December 31, 2017.

Activity within the Fund for the years ended December 31, 2017 and 2016 is as follows:

	December 31,	
	2017	2016
Loans, beginning of year	\$ 36,564	\$ 54,933
Principal repayments	(9,212)	(18,369)
	27,352	36,564
Allowance for uncollectible amounts	(3,668)	(6,232)
	\$ 23,684	\$ 30,332

**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, 2017	Issued During 2017	Principal Payments 2017	Outstanding December 31, 2017	Final Maturity Date
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	3.07%	5,460,000	-	5,460,000	-	11/17/2017
One Mustang Drive II, LLC	5,185,000	11/17	2.52%	-	5,185,000	25,000	5,160,000	11/17/2024
				\$ 5,810,000	\$ 5,185,000	\$ 5,835,000	\$ 5,160,000	



**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
Latham, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of Colonie Industrial Development Agency (Agency), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 19, 2018.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BST & CO. CPAs, LLP

Albany, New York
March 19, 2018

