



March 18, 2013

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

Dear Chairman and Members of the Board:

We are pleased to present this report related to our audit of the financial statements of the Town of Colonie Industrial Development Agency (Agency) for the year ended December 31, 2012. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Agency's financial reporting process.

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

Very truly yours,

BOLLAM, SHEEDY, TORANI & CO. LLP

William C. Freitag, Partner

WCF/dmc

**TOWN OF COLONIE  
INDUSTRIAL DEVELOPMENT AGENCY**

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

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

**Our Responsibilities and the Planned Scope and Timing of the Financial Statement Audit**

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated December 12, 2012.

**Accounting Practices**

**Preferability of Accounting Policies and Practices**

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

**Adoption of, or Change in, Accounting Policies**

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Agency. Following is a description of accounting standards the Agency adopted during the year to comply with accounting principles generally accepted in the United States of America (U.S. GAAP):

Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66, *Technical Corrections*, establishes clarifications on two recently issued statements, No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement resolves conflicting guidance created as a result of the issuance of these two statements.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

There were no significant changes to the Agency's financial statements as a result of adopting the aforementioned accounting standards.

**TOWN OF COLONIE  
INDUSTRIAL DEVELOPMENT AGENCY**

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

**Accounting Practices - Continued**

**Significant or Unusual Transactions**

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

**Management's Judgments and Accounting Estimates**

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Exhibit A, Summary of Accounting Estimates.

**Audit Adjustments**

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

**Uncorrected Misstatements**

There were no uncorrected misstatements noted during our audit of the financial statements.

**Disagreements with Management**

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

**Consultations with Other Accountants**

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

**Significant Issues Discussed with Management**

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

**Significant Difficulties Encountered in Performing the Audit**

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

**Significant Deficiencies and Material Weaknesses**

Significant deficiencies and material weaknesses, if any, are communicated in the schedule of findings and responses of the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

**Significant Written Communications Between Management and Our Firm**

Copies of significant written communications between our firm and the management of the Agency, including the representation letter provided to us by management, are attached as Exhibit B.

**TOWN OF COLONIE  
INDUSTRIAL DEVELOPMENT AGENCY**

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

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

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

Very truly yours,

BOLLAM, SHEEDY, TORANI & CO. LLP

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

William C. Freitag, Partner

WCF/dmc

**TOWN OF COLONIE  
INDUSTRIAL DEVELOPMENT AGENCY**

**SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES  
Year Ended December 31, 2012**

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the Agency's December 31, 2012, financial statements:

<u>Estimate</u>	<u>Accounting Policy</u>	<u>Estimation Process</u>
<b>Allowance for Uncollectible Receivables</b>	Allowance is based on a review of outstanding amounts on a frequent basis.	Management determines the allowance for uncollectible revenues by identifying troubled accounts and by using historical experience applied to an aging of accounts.
<b>Depreciation</b>	Depreciation is computed based on asset groups, using the straight-line method.	The estimated lives used in determining depreciation are based on industry standards and the historical experience of the Agency.

We have evaluated management's significant accounting estimates noted above as part of our audit, and concluded that management's estimates and the estimation process appear reasonable in the context of the financial statements taken as a whole.

**TOWN OF COLONIE  
INDUSTRIAL DEVELOPMENT AGENCY**

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

Representation Letter



# TOWN OF COLONIE INDUSTRIAL DEVELOPMENT AGENCY

Public Operations Center  
347 Old Niskayuna Road  
Latham, New York 12110

Phone (518)783-2741 Fax (518)783-2888  
www.colonieida.org

March 18, 2013

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

This representation letter is provided in connection with your audits of the financial statements of the Town of Colonie Industrial Development Agency, New York (Agency), which comprise the statements of net position as of December 31, 2012 and 2011, and the related statements of revenues, expenses, and changes in net position and cash flows, and the related notes to the financial statements for the years then ended. We confirm that we are responsible for the fair presentation in the financial statements of net position, revenues, expenses, and changes in net position, and cash flows in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

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

#### *Financial Statements*

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated December 12, 2012, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

The Agency's accounting principles and the practices and methods followed in applying them, are as disclosed in the financial statements, and there have been no changes during the years ended December 31, 2012 and 2011, in the Agency's accounting principles and practices, except as noted herein.

2. We acknowledge our responsibility for 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
5. The following have been properly recorded and/or disclosed in the financial statements:
  - a. Related party transactions including those as defined in Section 2250 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, and/or interfund transactions including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements, and guarantees, all of which have been recorded in accordance with the economic substance of the transactions.
  - b. Arrangements involving restrictions on cash balances.

- c. Restrictions of net position.
- d. Deposit disclosures required under Section C20: *Cash Deposits with Financial Institutions* of GASB's Codification of Governmental Accounting and Financial Reporting Standards.

*Information Provided*

- 6. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - b. Additional information that you have requested from us for the purpose of the audits.
  - c. Unrestricted access to persons within the Agency from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the Agency Governing Board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
  - e. All communications from grantors, lenders, other funding sources, or regulatory agencies concerning noncompliance with:
    - 1) Statutory, regulatory, or contractual provisions or requirements, and
    - 2) Financial reporting practices that could have a material effect on the financial statements.
- 7. We have identified for you all organizations that are a part of this reporting entity or with which we have a relationship, as these organizations are defined in Section 2100 GASB's Codification of Governmental Accounting and Financial Reporting Standards.
- 8. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 9. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
- 10. We have no knowledge of allegations of fraud or suspected fraud affecting the Agency's financial statements involving:
  - a. Management.
  - b. Employees or volunteers who have significant roles in the internal control.
  - c. Others where the fraud could have a material effect on the financial statements.
- 11. We have no knowledge of any allegations of fraud or suspected fraud affecting the Agency's financial statements received in communications from employees, former employees, volunteers, or others.
- 12. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 13. We know of no violations of state or federal statutory or regulatory provisions, grants or other contractual provisions, or of provisions of local ordinances.

14. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with GASB Statement No. 62.
15. We have disclosed to you the identity of the Agency's related parties and all the related-party relationships and transactions of which we are aware.
16. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Agency's ability to record, process, summarize, and report financial data.
17. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
18. We have no direct or indirect, legal or moral, obligation for any debt of any organization, public or private or to special assessment bond holders that is not disclosed in the financial statements.
19. We have no plans or intentions that may materially affect the carrying value or classification of assets.
20. We are responsible for making the accounting estimates included in the financial statements. Those estimates reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions and disclosure have been made to reduce receivables to their estimated net collectible amounts.
21. There are no:
  - a. Material transactions that have not been properly recorded in the accounting records underlying the financial statements.
  - b. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency. In that regard, we specifically represent that we have not been designated as, or alleged to be, a "potentially responsible party" by the Environmental Protection Agency or any equivalent state agencies in connection with any environmental contamination.
  - c. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB Statement No. 62.
  - d. Guarantees, whether written or oral, under which the Agency is contingently liable.
  - e. Arrangements with financial institutions involving compensating balances, line-of-credit, or similar arrangements.
  - f. Agreements to repurchase assets previously sold.
  - g. Security agreements in effect under the Uniform Commercial Code.
  - h. Liens or encumbrances on assets or revenues or any assets or revenues which are pledged as collateral for any liability or which are subordinated in any way.
  - i. Contractual obligations for plant construction or purchase of real property, equipment, other assets, or intangibles.
  - j. Liabilities which are subordinated in any way to actual or possible liabilities.

- k. Debt issue repurchase options or agreements, or sinking fund debt repurchase ordinance requirements.
  - l. Debt issue provisions.
  - m. Leases or material amounts of rental obligations under long-term leases.
  - n. Concentration of credit risk.
  - o. Investment securities.
  - p. Authorized but unissued bonds or notes.
  - q. Risk financing activities.
  - r. Derivative financial instruments.
  - s. Obsolete, damaged, or excess inventories to be reduced to their estimated net realizable values.
  - t. Impairments of long-lived assets or other assets which have permanently declined in values that require adjustment to their realizable values.
  - u. Risk retention, including uninsured losses or loss retentions (deductibles) attributable to events occurring through December 31, 2012 and 2011, or for expected retroactive insurance premium adjustments applicable to periods through December 31, 2012 and 2011.
  - v. Pension obligations, post-retirement benefits other than pensions, or deferred compensation agreements attributable to employee services rendered through December 31, 2012 and 2011.
  - w. Material losses to be sustained in the fulfillment of or from the inability to fulfill any service commitment.
  - x. Material losses to be sustained as a result of purchase commitments.
  - y. Pollution remediation obligations as defined by Section P40 of GASB's Codification of Governmental Accounting and Financial Reporting Standards.
  - z. Significant estimates or material concentrations known to management. Significant estimates are estimates at the statement of net position dates that could change materially in the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances the next year.
22. The Agency has satisfactory title to all owned assets.
23. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act and OMB Circular No. A-133, because we have not received, expended, or otherwise been the beneficiary of any federal awards over \$500,000 during the periods of these audits.

Effective January 1, 2012 we adopted GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*. This statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this statement and to defined contribution plans that provide postemployment benefits other than pensions. This statement also details the note disclosure requirements for defined contribution pension plans administered through trusts that meet the identified criteria. In addition, this statement requires single-employer and cost-sharing pension plans to present certain information for each of the ten most recent fiscal years about employer and nonemployer contributing entity obligations for pensions provided through the pension plan in required supplementary information.

Effective January 1, 2012 we adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this statement.

The scope of this statement also addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have certain characteristics as defined in the statement. It establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed.

28. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

#### *Government Auditing Standards*

29. We are responsible for compliance with laws and regulations applicable to the Agency, including the requirement of adopting, approving, and amending budgets.
30. We have identified and disclosed to you:
- a. All laws and regulations that have a direct and material effect on the determination of financial statement amounts or other financial data significant to audit objectives.
  - b. Violations and possible violations of laws, regulations, and provisions of contracts and other agreements whose effects should be considered for disclosure in the auditor's report on noncompliance.
31. We have taken timely and appropriate action to evaluate and address fraud, illegal acts, violations of provisions of contracts or other agreements, or abuse that has been reported.
32. We have implemented a process to track the status of audit findings and recommendations.

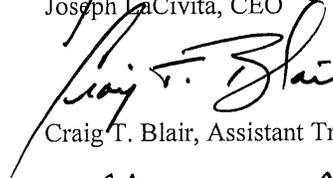
33. We have identified for you previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit being undertaken and the correction action taken to address significant findings and recommendations.
34. We have provided you with our views on your reported findings, conclusions, and recommendations, as well as our planned correction actions for the report.
35. We have reviewed, approved, and take full responsibility for the financial statements, related notes, required supplementary information and supplementary information and acknowledge the auditor's role in the preparation of this information.
36. We have reviewed, approved, and take full responsibility for all accrual adjustments and acknowledge the auditor's role in the preparation of the adjustments.

Very truly yours,

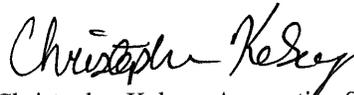
TOWN OF COLONIE, NEW YORK INDUSTRIAL  
DEVELOPMENT AGENCY



Joseph LaCivita, CEO



Craig T. Blair, Assistant Treasurer



P. Christopher Kelsey, Accounting Supervisor