

**TOWN OF COLONIE
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Town of Colonie, New York)**

FINANCIAL REPORT

December 31, 2009 and 2008

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of net assets of the Town of Colonie Industrial Development Agency (Agency), a component unit of the Town of Colonie, as of December 31, 2009 and 2008, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Town of Colonie Industrial Development Agency as of December 31, 2009 and 2008, and the changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 2 through 4 is not required as part of the financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2010, on our consideration of the Town of Colonie Industrial Development Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing our audit.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information presented on page 14 is for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bollam Sheedy Torani & Co LLP

Albany, New York
March 9, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) provides an introduction and overview to the financial activities and performance of the Town of Colonie Industrial Development Agency ("Agency") for the years ended December 31, 2009 and 2008, as mandated by Governmental Accounting Standards Board Statement No. 34. This information should be reviewed in conjunction with the basic financial statements of the Agency.

Overview of Financial Statements

The Agency's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Agency is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and are depreciated over their useful lives. See notes to the financial statements for a summary of the Agency's significant accounting policies.

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

The *Statements of Revenues, Expenses, and Changes in Net Assets* present information showing how the Agency's net assets changed during the most recent years. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will result in cash flows in future periods.

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

In addition to the basic financial statements and accompanying notes, this report also presents the *Supplemental Schedule of Indebtedness*.

Financial Highlights

- The Agency's net assets decreased \$27,681 from December 31, 2008 to 2009, as compared to an increase of \$51,881 from December 31, 2007 to 2008. The decrease in the overall change in net assets was due to increased economic activity during 2009. The Agency incurred significant legal and engineering fees related to the review and evaluation of environmental clean-up issues at the Adirondack Steel Site. Additionally, there were legal costs associated with exploration of the creation of a Local Development Corporation.
- The principal sources of revenue for the Agency are fees collected at the rate of one half of one percent of the project cost plus a \$250 application fee. In 2009, the Agency's total income from the fees was \$123,415 compared to \$76,876 in 2008. This too is a result of increased economic activity during 2009.
- The Agency also has an agreement with the Albany-Colonie Regional Chamber of Commerce to manage the Town of Colonie Small Business Entrepreneurial Loan Program. In 2009, the Agency paid \$3,577 to the Albany-Colonie Regional Chamber of Commerce for management of this program and at December 31, 2009, the program had a loan receivable balance of \$107,553.

- In 2007, the Agency was awarded a grant of \$675,000 from the New York State Department of Economic Development on behalf of the Crumb Rubber Manufacturing Company, of which the final \$337,500 was passed through to the Crumb Rubber Company during the year ended 2009. The first half of the grant was passed through during the year ended 2008.

Financial Analysis of the Agency

The table below presents condensed financial information derived from the Agency's financial statements as of December 31, 2009, 2008, and 2007.

Condensed Statement of Net Assets

	<u>2009</u>	<u>2008</u>	<u>2007</u>	Increase (Decrease) 2009-2008	Increase (Decrease) 2008-2007
ASSETS					
Current assets	\$ 2,373,541	\$ 2,273,493	\$ 2,235,326	\$ 100,048	\$ 38,167
Non-current assets	<u>119,175</u>	<u>213,567</u>	<u>205,132</u>	<u>(94,392)</u>	<u>8,435</u>
Total assets	<u>\$ 2,492,716</u>	<u>\$ 2,487,060</u>	<u>\$ 2,440,458</u>	<u>\$ 5,656</u>	<u>\$ 46,602</u>
LIABILITIES AND NET ASSETS					
Total liabilities	<u>\$ 33,961</u>	<u>\$ 624</u>	<u>\$ 5,903</u>	<u>\$ 33,337</u>	<u>\$ (5,279)</u>
NET ASSETS					
Invested in capital assets, net of related debt	37,358	43,787	50,216	(6,429)	(6,429)
Restricted	211,941	207,659	201,461	4,282	6,198
Unrestricted	<u>2,209,456</u>	<u>2,234,990</u>	<u>2,182,878</u>	<u>(25,534)</u>	<u>52,112</u>
Total net assets	<u>2,458,755</u>	<u>2,486,436</u>	<u>2,434,555</u>	<u>(27,681)</u>	<u>51,881</u>
Total liabilities and net assets	<u>\$ 2,492,716</u>	<u>\$ 2,487,060</u>	<u>\$ 2,440,458</u>	<u>\$ 5,656</u>	<u>\$ 46,602</u>

The overall decrease in net assets is due to normal operating activities related to the Agency's efforts to support economic development within the TOWN OF COLONIE, as mandated by New York State Law.

Current assets increased \$100,048 at December 31, 2009, compared to \$38,167 at December 31, 2008, while non-current assets decreased \$94,392 at December 31, 2009, compared to an increase of \$8,435 at December 31, 2008. Both were essentially the result of Colonie Ventures, Inc. prepayment of a mortgage note held by the Agency.

Accounts payable and accrued expenses increased \$33,337 at December 31, 2009, due to the timing of certain payments at year end related to legal and engineering fees incurred by the Agency.

The table below presents condensed financial information derived from the financial statements of the agency for the years ended December 31, 2009, 2008, and 2007.

Condensed Statement of Activities

	2009	2008	2007	Increase (Decrease) 2009-2008	Increase (Decrease) 2008-2007
Revenues					
Administrative fees	\$ 122,665	\$ 76,626	\$ 188,686	\$ 46,039	\$ (112,060)
Application income	750	250	1,000	500	(750)
Interest income	23,960	64,475	114,372	(40,515)	(49,897)
Total revenue	<u>147,375</u>	<u>141,351</u>	<u>304,058</u>	<u>6,024</u>	<u>(162,707)</u>
Expenses					
Management fees	45,806	45,806	28,710	-	17,096
Professional fees	87,010	12,500	14,528	74,510	(2,028)
Administrative expenses	22,374	16,809	18,578	5,565	(1,769)
New York State assessment	5,011	-	-	5,011	-
Depreciation	6,429	6,429	5,457	-	972
Economic development fees	8,426	7,926	36,321	500	(28,395)
Total expenses	<u>175,056</u>	<u>89,470</u>	<u>103,594</u>	<u>85,586</u>	<u>(14,124)</u>
Excess (deficiency) of revenue over expenses	<u>\$ (27,681)</u>	<u>\$ 51,881</u>	<u>\$ 200,464</u>	<u>\$ (79,562)</u>	<u>\$ (148,583)</u>

Activities for the Years Ended 2009 and 2008

Fees for services increased \$46,039 in 2009 as compared to a decrease of \$112,060 in 2008. This was a result of an increase in contract fees received, which is tied to economic activity.

Interest earnings decreased in 2009 by \$40,515 as compared to a similar decrease of \$49,897 in 2008. The decrease in interest income was principally due to general economic conditions, including actions by the Federal Reserve to lower interest rates.

Professional fees increased in 2009 by \$74,510 as compared to a \$2,028 decrease in 2008. This was due to increased legal fees related to the formation of a Local Development Corporation which can be recouped once the LDC is formed in 2010. Additionally, the Agency incurred significant legal and engineering fees related to the evaluation of environmental clean-up of the Adirondack Steel site during 2009.

Administrative expenses increased in 2009 by \$5,565 as compared to a \$1,769 decrease in 2008. The increase was the result of attendance at conferences to benefit the Agency's management and increased use of technology to enhance communication between the Agency and those it benefits during 2009. For the first time, New York State assessed all public authorities an administrative services assessment as a cost recovery method based on the Agency's 2008 gross revenues.

Economic development fees remained relatively stable in 2009 as compared to 2008 when it decreased by \$28,395. In 2008, the only activity was the third of five payments to the Advancing Tech Valley pledge. During 2009 the Agency made the fourth payment on the Advancing Tech Valley pledge and filed a grant application with the New York State Empire Development Corporation related to the Adirondack Steel site.

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

Contacting the Agency's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the funds it receives. If you have any questions about this report or need additional financial information, contact Craig T. Blair, Comptroller, at Colonie Town Hall, 347 Loudon Road, Newtonville, New York 12128.

**TOWN OF COLONIE
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Town of Colonie, New York)**

STATEMENTS OF NET ASSETS

	December 31,	
	2009	2008
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,238,417	\$ 2,124,350
Mortgage receivable, current portion	-	4,449
Prepaid expenses	5,000	5,000
Restricted assets		
Cash, restricted for revolving loan fund	104,141	111,858
Accrued interest	247	2,127
Loans receivable, current portion	25,736	25,709
Total current assets	2,373,541	2,273,493
CAPITAL ASSETS, net	37,358	43,787
OTHER ASSETS, less current portion		
Mortgage receivable	-	101,815
Restricted assets		
Loans receivable	81,817	67,965
	81,817	169,780
	\$ 2,492,716	\$ 2,487,060
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 33,961	\$ -
Accrued payables	-	624
Total current liabilities	33,961	624
COMMITMENTS		
NET ASSETS		
Invested in capital assets, net of related debt	37,358	43,787
Restricted for revolving loan fund	211,941	207,659
Unrestricted	2,209,456	2,234,990
	2,458,755	2,486,436
	\$ 2,492,716	\$ 2,487,060

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

TOWN OF COLONIE
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Town of Colonie, New York)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

	Years Ended December 31,	
	2009	2008
OPERATING INCOME		
Administrative fees	\$ 122,665	\$ 76,626
Application income	750	250
	<u>123,415</u>	<u>76,876</u>
OPERATING EXPENSES		
Administrative fees	3,577	3,802
Association dues	7,600	7,600
Conferences	5,284	275
Depreciation	6,429	6,429
Dues and subscription	1,020	50
Economic development fees	8,426	7,926
Insurance fees	1,800	1,800
Legal fees	57,674	-
Management fees	45,806	45,806
New York State administrative services assessment	5,011	-
Postage, office supplies, and other	3,093	1,630
Professional fees	29,336	12,500
Transcript fees	-	1,652
	<u>175,056</u>	<u>89,470</u>
Operating loss	(51,641)	(12,594)
OTHER INCOME		
Interest income	<u>23,960</u>	<u>64,475</u>
Excess (deficiency) of revenues over expenses	(27,681)	51,881
NET ASSETS, beginning of year	<u>2,486,436</u>	<u>2,434,555</u>
NET ASSETS, end of year	<u>\$2,458,755</u>	<u>\$2,486,436</u>

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

TOWN OF COLONIE
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Town of Colonie, New York)

STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	<u>2009</u>	<u>2008</u>
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Receipts from customers	\$ 123,415	\$ 125,876
Payments to vendors	<u>(135,290)</u>	<u>(88,320)</u>
	<u>(11,875)</u>	<u>37,556</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Interest income earned	25,840	62,349
Issuances of revolving loan fund	(59,995)	(45,000)
Payments on revolving loan fund	46,116	25,544
Payment on mortgage receivable	106,264	4,225
Decrease in cash restricted for loan fund	<u>7,717</u>	<u>15,384</u>
	<u>125,942</u>	<u>62,502</u>
Net increase in cash and cash equivalents	114,067	100,058
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	<u>2,124,350</u>	<u>2,024,292</u>
CASH AND CASH EQUIVALENTS, <i>end of year</i>	<u><u>\$2,238,417</u></u>	<u><u>\$2,124,350</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss	\$ (51,641)	\$ (12,594)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities		
Depreciation	6,429	6,429
Changes in operating assets and liabilities		
Due from Chamber of Commerce	-	49,000
Accounts payable	33,961	(5,903)
Accrued expenses	<u>(624)</u>	<u>624</u>
	<u><u>\$ (11,875)</u></u>	<u><u>\$ 37,556</u></u>

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

**TOWN OF COLONIE
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Town of Colonie, New York)**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization and Purpose

The Industrial Development Agency of the Town of Colonie (Agency) was created in 1977 by the Town of Colonie (Town) under the provisions of Chapter 232 of the 1977 Laws of New York State for the purpose of encouraging growth in the Town. The Agency is exempt from federal, state, and local income taxes. The Agency, although established by and a component of the Town, is a separate entity and operates independently of the Town. Agency members have complete responsibility for management of the Agency and accountability for fiscal matters. The Town, the Agency, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

The Agency is a component unit of the TOWN OF COLONIE.

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

b. Basis of Accounting

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

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

c. Fair Value Measurement

The Agency reports certain assets and liabilities at fair value. Fair value is defined as an exchange price that would be received for an asset or paid to transfer a liability (an "exit" price) in the principal or most advantageous market for the asset or liability between market participants on the measurement date.

d. Receivables

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

Loans and mortgages are carried at amortized amounts, based on paydown of principal. Management records an allowance on loans and mortgages based on a review of the outstanding loan and/or mortgage balances and its collection history. Management considers loans and mortgages receivable to be fully collectible at December 31, 2009 and 2008.

**TOWN OF COLONIE
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Town of Colonie, New York)**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

e. Capital Assets

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

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

f. Pass-Through Grants

The Agency is essentially a pass-through agent for certain grants made by the New York State Department of Economic Development for the benefit of a third party. During both the years ended 2009 and 2008, the Crumb Rubber Company received pass-through grants of \$337,500.

g. Net Assets

Net assets are presented in the following categories:

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

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

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

h. Use of Estimates

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

i. Subsequent Events

In preparing the financial statements and notes thereto, the Agency considered subsequent events through March 9, 2010, the date the financial statements were issued.

**TOWN OF COLONIE
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Town of Colonie, New York)**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008**

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	December 31,	
	2009	2008
Cash in checking accounts	\$ 179,908	\$ 80,078
Cash in money market account	2,058,509	2,044,272
Total cash	\$ 2,238,417	\$ 2,124,350
Cash - restricted for revolving loan fund	\$ 104,141	\$ 111,858

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, 2009 and 2008, the collateral was sufficient to secure the Agency's deposits.

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the federal government.

All investment obligations shall be payable or redeemable at the option of the Agency within such times as the proceeds will be needed to meet expenditures for purposes for which the monies were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of the Agency within two years of the date of purchase.

**TOWN OF COLONIE
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Town of Colonie, New York)**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008**

NOTE 3 - CAPITAL ASSETS

Capital assets held at December 31 were as follows:

	December 31,			
	2008	Additions	Disposal	2009
Capital assets, not being depreciated				
Land	\$ 4,893	\$ -	\$ -	\$ 4,893
Capital assets being depreciated				
Building and improvements	221,224	-	-	221,224
Furniture and equipment	8,725	-	-	8,725
Total	229,949	-	-	229,949
Less accumulated depreciation for				
Building and improvements	(182,330)	(6,429)	-	(188,759)
Furniture and equipment	(8,725)	-	-	(8,725)
Total	(191,055)	(6,429)	-	(197,484)
 Total capital assets being depreciated, net	 38,894	 (6,429)	 -	 32,465
 Capital assets, net	 <u>\$ 43,787</u>	 <u>\$ (6,429)</u>	 <u>\$ -</u>	 <u>\$ 37,358</u>

NOTE 4 - RELATED PARTY TRANSACTIONS

The Comptroller's office and the Department of Planning and Economic Development of the Town provide staff support and office space to the Agency. Under the terms of an annual agreement, the Agency paid the Town \$45,806 for support services for both the years ended December 31, 2009 and 2008.

The Colonie Youth Center, Inc. provides a location for youths in the community to participate in various activities. The Agency leases a building to the Colonie Youth Center, Inc. under a five-year lease which expired December 31, 2009. Under the terms of the lease, the Colonie Youth Center, Inc. pays rent of \$1.00 per year and is responsible for all normal operating expenses and minor repairs. The Colonie Youth Center, Inc. has decided not to renew the lease agreement and plans to vacate the property by March 31, 2010.

TOWN OF COLONIE
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Town of Colonie, New York)

NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

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 completed bonds, notes, and straight leases issued in its accounts, since its primary function is to arrange the financing between the borrowing companies and the bonds, notes, and lease holders, and funds arising 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. In 2009 and 2008, there were no new issuances of industrial revenue bonds. Industrial revenue bonds outstanding at December 31, 2009 and 2008, were \$23,800,085 and \$24,699,260, respectively.

NOTE 6 - REVOLVING LOAN FUND

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

During 2009, three additional loans totaling \$59,995 were issued. The Fund received repayments of \$46,116 and \$25,544 in principal and \$7,144 and \$7,604 in interest income during 2009 and 2008, respectively. Administrative fees of \$3,577 and \$3,802 during 2009 and 2008, respectively, were paid to the Chamber. At December 31, 2009 and 2008, the Chamber held \$107,553 and \$93,674 in loans receivable, which are deemed fully collectible, in trust for the Agency.

NOTE 7 - MORTGAGE RECEIVABLE

During 2005, the Agency sold property occupied by the U.S. Postal Service to Colonie Ventures, Inc. for \$122,000. The purchase was financed by the Agency with a 20-year mortgage for \$122,000 with a 5% annual interest rate. Payments were scheduled to be made the first day of every month beginning on January 1, 2005 through December 31, 2024. During May 2009, Colonie Ventures, Inc. elected to repay the mortgage plus any accrued interest, in full. The mortgage had no pre-payment penalties. The balance of the mortgage receivable was \$106,264 at December 31, 2008.

Interest income earned on the mortgage receivable was \$1,864 and \$5,436 for the years ended December 31, 2009 and 2008, respectively.

TOWN OF COLONIE
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Town of Colonie, New York)

NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 8 - COMMITMENTS

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

As of December 31, 2009 the Agency's remaining obligation on the pledge was \$7,926 which is payable during 2010.

**TOWN OF COLONIE
INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Town of Colonie, New York)**

SCHEDULE OF INDEBTEDNESS

Project Description	Original Issue Amount	Original Issue Date	Current Interest Rate	Outstanding January 1, 2009	Issued During 2009	Principal Payments 2009	Outstanding December 31, 2009	Final Maturity Date
22 Corporate Woods Blvd.	\$ 30,000,000	03/93	7.63%	\$14,744,954	\$ -	\$ 881,500	\$13,863,454	3/1/2019
Saint Gregory's School	1,300,000	09/98	5.75%	350,000	-	-	350,000	9/1/2018
Colonie Youth Center, Inc.	9,800,000	12/07	3.00%	9,604,306	-	17,675	9,586,631	7/25/2029
				<u>\$24,699,260</u>	<u>\$ -</u>	<u>\$ 899,175</u>	<u>\$23,800,085</u>	

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

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

We have audited the financial statements of the Town of Colonie Industrial Development Agency (Agency) as of and for the year ended December 31, 2009, and have issued our report thereon dated March 9, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal controls 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 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.

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

Compliance

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that we reported to management of the Agency in a separate letter dated March 9, 2010.

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

Bollam Sheedy Torani & Co LLP

Albany, New York
March 9, 2010