

**Town of Colonie  
Industrial Development Agency**

Financial Report

December 31, 2018 and 2017

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Industrial Development Agency**

Financial Report

December 31, 2018 and 2017

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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, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2018 and 2017, 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise 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 18, 2019, 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 solely 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 the effectiveness of the Agency's 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 18, 2019



# Town of Colonie Industrial Development Agency

## Management's Discussion and Analysis December 31, 2018 and 2017

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 years ended December 31, 2018 and 2017. 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 increased \$129,269 from December 31, 2017 to 2018, as compared to a decrease of \$65,755 from December 31, 2016 to 2017. This increase and decrease are the direct result of the timing of projects applying for Agency assistance during 2018 and 2017. Four projects applied to the Agency during 2017, one closed in 2017 and two closed in 2018. The fourth project will close in mid-2019 and will generate administrative fees at that time. One other project applied during 2018 but has subsequently decided to forego the project.
- 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. The two projects that closed in 2018 were related to construction of an office building (\$179,400) and a sports complex (\$50,000).

# Town of Colonie Industrial Development Agency

## Management's Discussion and Analysis December 31, 2018 and 2017

### 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 2017, for the Lincoln Avenue Brownfield Opportunity Area (BOA) study. The Lincoln Avenue BOA study encompasses an approximately 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 at December 31, 2017. The Agency continued working on the project during 2018 and incurred an additional \$60,027 of expenditures and grant receivables.
- During 2018, Agency expenses, exclusive of the BOA study, remained stable at 2016 and 2017 levels, which approximated \$100,000. 2018 legal fees and website maintenance costs increased slightly which was offset by the reduction of costs for the economic study commissioned by the Agency in 2017.
- 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 2018 the Agency paid \$638 to the Albany-Colonie Regional Chamber of Commerce for management of this program. At December 31, 2018, the program had net loans receivable of approximately \$14,675.

### Financial Analysis of the Agency

The table below presents condensed financial information derived from the Agency's financial statements as of December 31, 2018, 2017, and 2016.

#### Condensed Statements of Net Position

	2018	2017	2016	Increase (Decrease) 2018-2017	Increase (Decrease) 2017-2016
<b>ASSETS</b>					
Current assets	\$ 1,491,036	\$ 1,293,505	\$ 1,412,333	\$ 197,531	\$ (118,828)
Noncurrent assets	34,926	43,211	18,445	(8,285)	24,766
<b>Total assets</b>	<b>\$ 1,525,962</b>	<b>\$ 1,336,716</b>	<b>\$ 1,430,778</b>	<b>\$ 189,246</b>	<b>\$ (94,062)</b>
<b>LIABILITIES</b>	<b>\$ 115,351</b>	<b>\$ 55,374</b>	<b>\$ 83,681</b>	<b>\$ 59,977</b>	<b>\$ (28,307)</b>
<b>NET POSITION</b>					
Investment in capital assets	-	28,536	6,560	(28,536)	21,976
Restricted	193,632	191,274	187,510	2,358	3,764
Unrestricted	1,216,979	1,061,532	1,153,027	155,447	(91,495)
<b>Total net position</b>	<b>1,410,611</b>	<b>1,281,342</b>	<b>1,347,097</b>	<b>129,269</b>	<b>(65,755)</b>
<b>Total liabilities and net position</b>	<b>\$ 1,525,962</b>	<b>\$ 1,336,716</b>	<b>\$ 1,430,778</b>	<b>\$ 189,246</b>	<b>\$ (94,062)</b>

# Town of Colonie Industrial Development Agency

## Management's Discussion and Analysis December 31, 2018 and 2017

### Financial Analysis of the Agency - Continued

The overall increase in net position from 2016 to 2018 is the result of the increase in project activity that generates administrative fees during late 2017 and early 2018. Administrative fees are used to support the Agency's operating costs and mission of supporting economic development within the Town of Colonie.

Current assets increased \$197,531 at December 31, 2018, compared to a decrease of \$118,828 at December 31, 2017, while non-current assets decreased \$8,285 at December 31, 2018, compared to an increase of \$24,766 at December 31, 2017.

The 2018 increase in current assets results from the net operating income generated by the Agency and the grant receivable related to the continuation of the BOA project. Current assets within the SBEL program increased \$9,809 with no issuance of new loans and \$10,404 in payments. No loans were written off between 2016 and 2018, and the previously established allowance of \$3,668, was reduced to \$2,273 during 2018 and appears to be sufficient at December 31, 2018.

Accounts and accrued payables increased \$59,977 at December 31, 2018 due to the timing of the payments of certain operating and BOA study costs incurred for 2018. All of the grant revenue received during 2016 related to the Lincoln Avenue BOA study was 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, 2018, 2017, and 2016.

### Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2018	2017	2016	Increase (Decrease) 2018-2017	Increase (Decrease) 2017-2016
<b>REVENUES</b>					
Administrative fees	\$ 229,400	\$ 12,962	\$ 77,862	\$ 216,438	\$ (64,900)
Application income	500	1,000	-	(500)	1,000
New York State Grant	60,027	126,481	-	(66,454)	126,481
Recovery of bad debt	1,395	2,564	-	(1,169)	2,564
Other	-	13,695	-	(13,695)	13,695
Interest income	3,229	3,513	3,528	(284)	(15)
	<u>294,551</u>	<u>160,215</u>	<u>81,390</u>	<u>134,336</u>	<u>78,825</u>
<b>EXPENSES</b>					
Administrative expenses	16,449	16,424	17,932	25	(1,508)
Depreciation	834	833	833	1	-
Administrative and management fees	50,638	50,896	51,219	(258)	(323)
Professional fees	37,334	31,336	28,633	5,998	2,703
Public benefit projects	60,027	126,481	-	(66,454)	126,481
Total expenses	<u>165,282</u>	<u>225,970</u>	<u>98,617</u>	<u>(60,688)</u>	<u>127,353</u>
Change in net position	<u>\$ 129,269</u>	<u>\$ (65,755)</u>	<u>\$ (17,227)</u>	<u>\$ 195,024</u>	<u>\$ (48,528)</u>

# Town of Colonie Industrial Development Agency

## Management's Discussion and Analysis December 31, 2018 and 2017

### Revenues, Expenses, and Changes in Net Position for the Years Ended 2016 to 2018

The Agency's annual fees for services are tied to the size and timing of economic activity projects. The Agency was presented with no projects in 2016, but four projects applied to the Agency in 2017 with one closing before the end of 2017. Two of those projects closed in 2018, resulting in the administrative fees for this year. One is expected to close in mid-2019 which will generate administrative fees before the close of 2019. One other project applied during 2018 but the applicant has subsequently decided to forego the project.

The table below presents a summary of the administrative fee revenue for the years ended December 31, 2014 to 2018:

Project	2018	2017	2016	2015	2014
Afrim Realty, LLC	\$ 50,000	\$ -	\$ -	\$ -	\$ -
Colonie Senior Service Centers	-	-	77,862	-	-
One Mustang Drive II, LLC	-	12,962	-	-	-
Starlite Associates, LLC	179,400	-	-	-	-
Shelter Cove	-	-	-	-	20,000
<b>Total</b>	<b>\$ 229,400</b>	<b>\$ 12,962</b>	<b>\$ 77,862</b>	<b>\$ -</b>	<b>\$ 20,000</b>

Interest earnings decreased in 2018 by \$284 as compared to a decrease of \$15 in 2017. The decrease in interest income is principally due to less interest generated by the SBEL program through loan repayments in 2018. The cash balances were slightly higher for much of 2018, which resulted in higher interest rates, as compared to 2018. This offset the decreased income for the SBEL program.

Administrative expenses and depreciation expense remained relatively stable during 2018 and 2017 resulting in an increase of \$26 and decrease of \$1,508, respectively. Professional fees increased \$5,998 in 2018, as opposed to the slight increase of \$2,703 in 2017. This was the result of higher legal and website maintenance fees, offset by the cost of an economic study commissioned by the Agency.

There were no public benefit projects undertaken in 2016. However, with the award of the \$250,000 grant from the New York State Department of State in 2015, and executed contract in 2017 for the Lincoln Avenue BOA study, the Agency was able to begin the study in 2017 which continued into 2018. Additionally, during 2017, the New York State Department of Transportation refunded to the Agency overestimated engineering fees related of 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, 2013 to 2018.

Project	Total Incurred to Date	2018	2017	2016	2015	2014	2013
Colonie Lincoln Avenue Brownfield Opportunity Area	\$ 190,883	\$ 60,027	\$ 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
<b>Total</b>	<b>\$ 701,216</b>	<b>\$ 60,027</b>	<b>\$ 112,786</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,842</b>	<b>\$ 517,561</b>



# **Town of Colonie Industrial Development Agency**

Management's Discussion and Analysis  
December 31, 2018 and 2017

## **Revenues, Expenses, and Changes in Net Position for the Years Ended 2018 to 2016 - Continued**

Management and administrative fees are paid to the Town of Colonie and Albany-Colonie Chamber of Commerce, respectively, under service agreements and decreased by \$258 in 2018, compared to a decrease of \$323 in 2017.

## **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

	December 31,	
	2018	2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,174,587	\$ 1,050,320
Accounts receivable	123,309	59,881
Prepaid expenses	6,732	6,705
Restricted assets		
Cash, restricted for revolving loan fund	178,929	167,542
Accrued interest	28	48
Loans receivable, current portion, net	7,451	9,009
Total current assets	1,491,036	1,293,505
<b>NON-CURRENT ASSETS</b>		
Restricted assets		
Loans receivable, net of current portion	7,224	14,675
Property held for sale	27,702	27,702
Capital assets, net	-	834
Total non-current assets	34,926	43,211
	<b>\$ 1,525,962</b>	<b>\$ 1,336,716</b>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 3,624	\$ 2,400
Accrued expenses	111,727	52,974
Total current liabilities	115,351	55,374
<b>NET POSITION</b>		
Net investment in capital assets	-	834
Restricted for revolving loan fund	193,632	191,274
Unrestricted	1,216,979	1,089,234
	1,410,611	1,281,342
	<b>\$ 1,525,962</b>	<b>\$ 1,336,716</b>

See accompanying Notes to Financial Statements.

**Town of Colonie  
Industrial Development Agency**

Statements of Revenues, Expenses, and Changes in Net Position

	<b>Years Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>OPERATING REVENUES</b>		
Administrative fees	\$ 229,400	\$ 12,962
Application income	500	1,000
New York State grant	60,027	126,481
Recovery of bad debt	1,395	2,564
Other	-	13,695
	291,322	156,702
<b>OPERATING EXPENSES</b>		
Administrative fees	638	896
Association dues	8,350	8,350
Land related costs	258	254
Conferences and travel	2,875	2,875
Depreciation	834	833
Insurance	4,949	4,845
Legal fees	17,324	11,855
Management fees	50,000	50,000
Postage, office supplies, and other	17	-
Professional fees	17,278	18,000
Transcription fees	482	231
Public benefit projects	60,027	126,481
Subscriptions	-	100
Website maintenance	2,250	1,250
	165,282	225,970
<b>Operating income (loss)</b>	<b>126,040</b>	<b>(69,268)</b>
<b>OTHER INCOME</b>		
Interest income	3,229	3,513
	3,229	3,513
<b>Change in net position</b>	<b>129,269</b>	<b>(65,755)</b>
<b>NET POSITION, <i>beginning of year</i></b>	1,281,342	1,347,097
<b>NET POSITION, <i>end of year</i></b>	<b>\$ 1,410,611</b>	<b>\$ 1,281,342</b>

See accompanying Notes to Financial Statements.

# Town of Colonie Industrial Development Agency

## Statements of Cash Flows

	Years Ended December 31,	
	2018	2017
<b>CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 229,900	\$ 13,962
Payments to vendors	(104,498)	(173,231)
Receipts from operating grants	(3,401)	-
	<b>122,001</b>	<b>(159,269)</b>
<b>CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Demolition costs paid on property held for sale	-	(22,809)
	-	<b>(22,809)</b>
<b>CASH FLOWS PROVIDED BY INVESTING ACTIVITIES</b>		
Interest income received	3,249	3,529
Issuance of related-party advances	-	2,006
Payments received on revolving loan fund loans	10,404	9,212
	<b>13,653</b>	<b>14,747</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>135,654</b>	<b>(167,331)</b>
<b>CASH AND CASH EQUIVALENTS, <i>beginning of year</i></b>	<b>1,217,862</b>	<b>1,385,193</b>
<b>CASH AND CASH EQUIVALENTS, <i>end of year</i></b>	<b>\$ 1,353,516</b>	<b>\$ 1,217,862</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 126,040	\$ (69,268)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Recovery of bad debt	(1,395)	(2,564)
Depreciation	834	833
(Increase) decrease in		
Accounts receivable	(63,428)	(59,881)
Prepaid expenses	(27)	(82)
Increase (decrease) in		
Accounts payable	1,224	1,453
Accrued expenses	58,753	36,840
Unearned revenue	-	(66,600)
	<b>\$ 122,001</b>	<b>\$ (159,269)</b>

See accompanying Notes to Financial Statements.

# Town of Colonie Industrial Development Agency

Notes to Financial Statements  
December 31, 2018 and 2017

## 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 conformity 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:

*Net investment in capital assets* - Consists of capital assets, net of accumulated depreciation.

*Restricted* - Consists of assets with externally placed constraints net of liabilities that will be liquidated from those assets. At December 31, 2018 and 2017, this included 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 assets and liabilities that do not meet the definition of "net investment in capital assets" or "restricted."

Revenues are recognized when earned, and expenses are recognized when incurred. Administrative fee revenue earned from economic activity projects is recognized upon close of the project. Administrative fee revenue earned from arranging industrial revenue bond and note transactions is recognized upon issuance of the bonds and notes. Grant revenue is recognized as related grant expenses are incurred. The Agency distinguishes operating revenues and expenses from nonoperating items. Operating revenues are determined based on the services provided by the Agency. Operating expenses include the costs associated with providing those services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

### *c. Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of 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.

# Town of Colonie Industrial Development Agency

Notes to Financial Statements  
December 31, 2018 and 2017

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

*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. Accounts Receivable, Loans Receivable, and Grant Revenue*

Small business entrepreneurial loans are carried at amortized amounts, based on paydown of principal. Management considers the need for an allowance on loans at least annually based on a review of the outstanding loan balances, their collection history and known facts and circumstances. The allowance for uncollectible loans receivables was \$2,273 and \$3,668 at December 31, 2018 and 2017, respectively.

The Agency was awarded a \$250,000 grant from the New York State Department of State in 2015 and executed a contract in 2016 for the Lincoln Avenue Brownfield Opportunity Area (BOA) study, which began in 2017. Grant revenue earned during 2018 and 2017 was \$60,027 and \$126,481, respectively. Accounts receivable relating to this grant were \$123,309 and \$59,881 at December 31, 2018 and 2017, respectively. Management considers the need for an allowance on accounts receivable at least annually based on a review of the outstanding balances, their collection history and known facts and circumstances. Management considers accounts receivable at December 31, 2018 and 2017 to be fully collectible, and as such, no allowance has been established.

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.

*f. Capital Assets*

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

<u>Description</u>	<u>Estimated Life</u>
Building and improvements	5-30 years
Intangible assets	3 years

*g. Property Held for Sale*

During 2017, the Agency demolished the building and improvements that were on the land owned by the Agency in preparation for its potential sale. These costs were capitalized as part of property held for sale. The Agency is actively seeking buyers for the land consistent with its purpose of encouraging economic growth in the Town. Property held for sale is held at the lower of cost or net realizable value.

# Town of Colonie Industrial Development Agency

Notes to Financial Statements  
December 31, 2018 and 2017

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

### *h. Subsequent Events*

The Agency has evaluated subsequent events for potential recognition or disclosure through March 18, 2019, the date the financial statements were available to be issued.

## Note 2 - Cash and Cash Equivalents

Cash and cash equivalents consist of:

	December 31,	
	2018	2017
<i>Unrestricted</i>		
Cash in checking accounts	\$ 43,258	\$ 1,719
Cash and cash equivalents in money market account	1,131,329	1,048,601
Total unrestricted cash and cash equivalents	1,174,587	1,050,320
<i>Restricted</i>		
Cash, restricted for revolving loan fund	178,929	167,542
Total cash and cash equivalents	\$ 1,353,516	\$ 1,217,862

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, 2018 and 2017, 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.

# Town of Colonie Industrial Development Agency

Notes to Financial Statements  
December 31, 2018 and 2017

### Note 3 - Capital Assets, Net

Capital assets, net are as follows:

	December 31,			
	2017	Additions	Disposal	2018
Capital assets				
Intangible assets	4,387	-	(1,887)	2,500
Less accumulated depreciation for				
Intangible assets	(3,553)	(834)	1,887	(2,500)
Capital assets, net	<u>\$ 834</u>	<u>\$ (834)</u>	<u>\$ -</u>	<u>\$ -</u>

  

	December 31,			
	2016	Additions	Disposal	2017
Capital assets				
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>
Capital assets, net	<u>\$ 1,667</u>	<u>\$ (833)</u>	<u>\$ -</u>	<u>\$ 834</u>

### 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, 2018 and 2017.

### Note 5 - Industrial Revenue Bond and Note Transactions

Revenue bonds issued by the Agency are secured loan agreements from organizations that utilized the proceeds for various projects. The repayment terms of the loan agreements match the repayment terms of the bonds issued by the Agency. The bonds are considered conduit debt and, therefore, are not obligations of the Agency or the Town. As such, the Agency does not record the assets or liabilities resulting from completed loan agreements or liabilities resulting from completed bonds issued on its accounts. The Agency's primary function is to arrange the financing between the borrowing organizations and the bond holders, and funds arising therefrom are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives administrative fees from the borrowing organizations. There were no new issuances of industrial revenue bonds during 2018 and 2017. However, an industrial revenue bond issued in 2010 was refunded in 2017. The Agency had industrial revenue bonds outstanding totaling \$4,860,000 and \$5,160,000 at December 31, 2018 and 2017, respectively.



# Town of Colonie Industrial Development Agency

Notes to Financial Statements  
December 31, 2018 and 2017

## Note 6 - Revolving Loan Fund

The Agency established the Town of Colonie Small Business Revolving Loan Trust Fund (Fund) for the purpose of providing loans to qualified small businesses. The Fund is governed by a signed operating agreement with the Albany-Colonie Regional Chamber of Commerce (Chamber), who is responsible for its administration. 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. The assets of the Fund are considered restricted for the purposes of providing loans in accordance with the operating agreement.

Activity within the Fund for the years ended December 31, 2018 and 2017 is as follows:

	December 31,	
	2018	2017
Loans, beginning of year	\$ 27,352	\$ 36,564
Principal repayments	(10,404)	(9,212)
	16,948	27,352
Allowance for uncollectible amounts	(2,273)	(3,668)
	\$ 14,675	\$ 23,684

**Town of Colonie  
Industrial Development Agency**

Supplementary Information - Schedule of Indebtedness

<u>Project Description</u>	<u>Original Issue Amount</u>	<u>Original Issue Date</u>	<u>Current Interest Rate</u>	<u>Outstanding January 1, 2017</u>	<u>Issued During 2018</u>	<u>Principal Payments 2018</u>	<u>Outstanding December 31, 2018</u>	<u>Final Maturity Date</u>
One Mustang Drive II, LLC	\$ 5,185,000	11/17/2017	3.95%	<u>\$ 5,160,000</u>	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 4,860,000</u>	11/17/2024
				<u><u>\$ 5,160,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 300,000</u></u>	<u><u>\$ 4,860,000</u></u>	



**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, 2018, 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 18, 2019.

**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 18, 2019

