CITY OF DUNKIRK

INDUSTRIAL DEVELOPMENT AGENCY

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

CITY OF DUNKIRK
INDUSTRIAL DEVELOPMENT AGENCY

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INDEPENDENT AUDITOR'S REPORT

May 15, 2013

To the Board of Directors
City of Dunkirk Industrial Development Agency
342 Central Avenue
Dunkirk, New York 14048

Report of Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Dunkirk Industrial Development Agency ("DIDA"), as of and for the year ended December 31, 2012 and the related notes to the financial statements, which collectively comprise DIDA'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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the DIDA, as of December 31, 2012, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 3 and 4 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2013, on our consideration of the DIDA's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 DIDA's internal control over financial reporting and compliance.

Johnson, Mackowiak & Associates, LLP

JOHNSON, MACKOWIAK & ASSOCIATES, LLP

CITY OF DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012

This discussion and analysis of the City of Dunkirk Industrial Development Agency's (Agency) financial performance provides an overview of the Agency's financial activities for the year ended December 31, 2012. This document should be read in conjunction with the Agency's financial statements which begin on page 5.

FINANCIAL HIGHLIGHTS

- The Agency's net deficit increased $21 as a result of this year's activity.

USING THIS REPORT

The annual report consists of a series of financial statements. The statement of net assets (deficit) and the statement of activities provide information regarding the Agency as a whole and present a longer-term view of the Agency's finances. Financial statements for each fund start on page 7. For governmental activities, these statements show how services were financed in the overall operation of the Agency in greater detail than the Agency-wide financial statements.

REPORTING THE AGENCY AS A WHOLE

The Statement of Net Assets and Statement of Activities

The statement of net deficit and statement of activities show information about the Agency as a whole. These statements include all assets and liabilities of the Agency using the accrual basis of accounting which is used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Agency's net deficit and the changes to it. The Agency's net deficit – the difference between assets and liabilities – is a way to measure the Agency's financial health, or financial position. Over time, increases or decreases in the Agency's net deficit are one indicator of whether its financial health is improving or deteriorating.

In the statement of net deficit and the statement of activities, the Agency reports all its basic services as governmental activities. These services are primarily economic development.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Our discussion and analysis of the Agency's major fund begins on page 7 and provide detail of the Agency's most significant fund on an individual basis rather than the Agency taken as a whole. Some funds are required to be established by state or local law or by the nature of the federal and state funding for their operation. Currently the Agency only utilizes a single governmental fund.

Governmental Funds

The sole fund of the Agency is considered a governmental fund. This Section focuses on how revenue flows into and out of this fund and the balance of the fund at year-end which is available for future spending. The fund is reported using the modified accrual basis of accounting which measures cash and financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Agency's general operations and the basic services it provides. This information helps determine the financial resources that can be spent to finance Agency programs. The relationship between the governmental activities (accrual basis) and the governmental funds (modified accrual basis) is provided in reconciliations on pages 8 and 10.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have any questions or need additional information, contact Steve Neratko, Director of Development, City Hall, 342 Central Avenue, Dunkirk, New York 14048.

CITY OF DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF NET DEFICIT
DECEMBER 31, 2012

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	$ 41
TOTAL ASSETS	$ 41
LIABILITIES AND NET DEFICIT	
CURRENT LIABILITIES:	
Current portion of long-term liabilities	$ -
Accrued liabilities	184
Total current liabilities	184
NONCURRENT LIABILITIES:	
Noncurrent portion of long-term obligations	100
TOTAL LIABILITIES	284
NET DEFICIT	
Invested in capital assets, net of related debt	-
Unrestricted net deficit	(243)
TOTAL NET DEFICIT	(243)
TOTAL LIABILITIES AND NET DEFICIT	$ 41

See notes to financial statements

CITY OF DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2012

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
FUNCTIONS/PROGRAMS	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Economic assistance and opportunity	$ 32	$ -	$ -	$ -	$ (32)
Interest on long-term debt	19	-	-	-	(19)
Total governmental activities	$ 51	$ -	$ -	$ -	(51)
General revenues					30
Change in net assets					(21)
NET DEFICIT - beginning					(222)
NET DEFICIT - ending					$ (243)

See notes to financial statements

CITY OF DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2012

ASSETS

CURRENT ASSETS, cash	$ 41
TOTAL ASSETS	$ 41

LIABILITIES AND FUND BALANCE

TOTAL LIABILITIES	$ -
TOTAL FUND BALANCE	41
TOTAL LIABILITIES AND FUND BALANCE	$ 41

See notes to financial statements

CITY OF DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET DEFICIT
GOVERNMENTAL FUNDS
DECEMBER 31, 2012

Fund balances - total governmental funds	$ 41
Amounts reported for governmental activities in the statement of activities are different because:	
Long-term liabilities applicable to the Agency's governmental funds are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized when due. All liabilities - both current and long-term - are reported in the statement of net assets. Long-term liabilities amounted to $100 and accrued interest payable on long-term liabilities amounted to $184.	(284)
Net deficit of governmental activities	$ (243)

See notes to financial statements

CITY OF DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2012

REVENUE FROM OPERATIONS	$ 30
EXPENSES OF OPERATIONS	32
EXCESS OF EXPENSES OVER REVENUES	(2)
OTHER SOURCES (USES)	-
EXCESS OF EXPENSES AND OTHER USES OVER REVENUES AND OTHER SOURCES	(2)
FUND BALANCE, beginning	43
FUND BALANCE, ending	$ 41

See notes to financial statements

CITY OF DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2012

Net change in fund balances - total governmental funds	$ (2)
Amounts reported for governmental activities in the statement of activities are different because:	
Some expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These include the increase in accrued interest of $19.	(19)
Change in net deficit of governmental activities	$ (21)

See notes to financial statements

CITY OF DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Other receipts	$ 30
Cash payments contractual expenses	(32)
Cash used by operating activities	(2)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2)
CASH AND CASH EQUIVALENTS, beginning	43
CASH AND CASH EQUIVALENTS, ending	$ 41

See notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Dunkirk Industrial Development Agency (Agency) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Agency's accounting policies are described below.

A. Reporting Entity

The reporting entity of the Agency is based on Criteria set forth by GASB Statement 14, *The Financial Reporting Entity*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

1. Nature of the Organization

   The City of Dunkirk Industrial Development Agency was established by the enactment of Section 890-a of the General Municipal Law, effective June 17, 1971, as a special act of the New York State Legislature. The Agency is authorized under the Act to issue bonds to promote the economic and industrial development of the State. The bonds are secured by pledges of any rents, revenues and receipts as well as a lien on and a security interest in the projects being promoted. Neither the Agency nor the City of Dunkirk shall be held liable for repayment of these bonds out of any funds other than those pledged by the Agency. Members of the Board of Directors of the Agency are appointed by and designated to serve at the pleasure of the City's Common Council. The City of Dunkirk Industrial Development Agency is a component unit of the City of Dunkirk and, accordingly, is included in the City's financial statements as a discretely presented component unit.

B. Basis of presentation:

1. Agency-wide statements:

   The Statement of Net Assets (Deficit) and the Statement of Activities present financial information about the Agency's governmental activities. These statements include the financial activities of the overall governmental entity in its entirety, except those that are fiduciary.

2. Fund financial statements:

   The fund statements provide information about the Agency's funds, including fiduciary funds (when applicable). Currently, the Agency maintains a single governmental fund. The emphasis of fund financial statements is on this governmental fund.

   The Agency reports the following major governmental fund:

   General Fund: This is the Agency's primary operating fund. Currently, the general fund is the only fund of the Agency.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

C. Measurement focus and basis of accounting

The Agency-wide financial statements are reported using the economic resources management focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Agency gives or receives value without directly receiving or giving equal value in exchange, may include grants and donations. On an accrual basis, revenue is recognized in the fiscal year for which the revenue is earned. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources management focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Agency considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt or claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

D. Cash and Cash Equivalents

The Agency's cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the Agency's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United State Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Investments are stated at fair value.

E. Estimates

The preparation of the 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 revenues, expenditures, assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and during the reported period. Actual results could differ from those estimates and those differences could be significant.

F. Accounting and Reporting Change

During December 2009, GASB issued Statement No. 57 - *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, effective for the year ending December 31, 2012; This Statement amends Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, to permit an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method, at its option, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. The Corporation implemented Statement No. 57, effective for the fiscal year ending December 31, 2012, with retroactive application for the fiscal year ended December 31, 2011. The adoption of Statement No. 57 had no effect on the Corporation's financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

During November 2010, GASB issued Statement No 60 - *Accounting and Financial Reporting for Service Concession Arrangements*, effective for the year ending December 31, 2012; The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. This Statement applies only to those arrangements in which specific criteria determining whether a transferor has control over the facility are met. The Corporation implemented Statement No. 60, effective for the fiscal year ending December 31, 2012, with retroactive application for the fiscal year ended December 31, 2011. The adoption of Statement No. 60 had no effect on the Corporation's financial statements.

In December 2010, GASB issued GASB Statement No. 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 GASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncement: (1) Financial Accounting Standards Board (FASB) Statement and Interpretations, (2) Accounting Principles Board Opinions, and (3)Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. The Corporation implemented Statement No. 62, effective for the fiscal year ending December 31, 2012, with retroactive application for the fiscal year ended December 31, 2011. The adoption of Statement No. 62 had no affect on the Corporation's financial statements.

In June 2011, GASB issued GASB Statement No. 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. The Corporation implemented Statement No. 63, effective for the fiscal year ending December 31, 2012, with retroactive application for the fiscal year ended December 31, 2011. The adoption of Statement No. 63 had no effe4ct on the Corporation's financial statements.

In June 2011, GASB issued GASB Statement No. 64 - *Derivative Instruments: Application of Hedge Accounting Termination Provisions - an amendment of GASB No. 53*. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The Corporation implemented Statement No. 64, effective for the fiscal year ending December 31, 2012, with retroactive application for the fiscal year ended December 31, 2011. The adoption of Statement No. 64 had no effect on the Corporation's financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

G. Future Impacts of Accounting Pronouncements

The Corporation has not completed the process of evaluating the impact that will result from adopting Governmental Accounting Standards Board (GASB) Statement No. 61 - The Financial Reporting Entity - an amendment of GASB Statements No. 14 and No. 34, effective for the year ending December 31, 2013; GASB Statements No. 65 - Items Previously Reported as Assets and Liabilities, effective for the year ending December 31, 2013; and GASB Statement No. 66 - Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and 62, effective for the year ending December 31, 2013; GASB Statement No. 67 - Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25, effective for the year ending December 31, 2013; GASB Statement No. 68 - Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27; effective for the year ending December 31, 2014; and, GASB Statement No. 69 - Government Combinations and Disposals of Government Operations; effective for the year ending December 31, 2014.

The Corporation is therefore unable to disclose the impact that adopting these GASB Statements will have on its financial position and results of operation when such statements are adopted.

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND AGENCY-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the Agency-wide statements, certain financial transactions are treated differently. The basic financial statements contain full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

A. Total fund balances of governmental funds vs. net deficit of governmental activities:

Total fund balances of the Agency's governmental funds differ from "net deficit" of governmental activities reported in the Statement of Net Deficit. This difference primarily results from the additional long-term economic focus of the Statement of Net Deficit versus the solely current financial resources focus of the governmental funds Balance Sheets.

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of the three broad categories. The amounts shown below represent:

1. Long-term revenue differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND AGENCY-WIDE STATEMENTS, continued

2. Capital related differences:

   Capital related differences include the difference between proceeds for the sale of capital reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the differences between recording an expenditure for the purchase of capital items in the governmental funds statements and depreciation expense on those items as recorded in the Statement of Activities.

3. Long-term debt transaction differences:

   Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental funds, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Deficit.

NOTE 3 - EQUITY CLASSIFICATIONS

A. Entity-wide Statements

In the government-wide statements, there are three classes of net assets:

Invested in Capital Assets, Net of Related Debt - This class consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of these assets.

Restricted Net Assets - Restricted net assets report constraints placed on assets that are either legally imposed by creditors (such as through covenants), grantors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

The Corporation does not have any restricted net assets at December 31, 2012.

Unrestricted Net Assets - Designations are not legally required restrictions, but are segregated for a specific purpose. At December 31, 2012, the Corporation had not designated any unrestricted net assets.

B. Fund Statements

In the fund basis statements there are five classifications of fund balance:

Non-Spendable - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The Corporation does not have any nonspendable fund balance at December 31, 2012.

Restricted - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. At December 31, 2012 the Corporation does not have any restricted fund balances.

NOTE 3 - EQUITY CLASSIFICATIONS, continued

Committed - includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Corporation's highest level of decision making authority, i.e., the Board of Directors. At December 31, 2012 the Corporation did not have any committed fund balances.

Assigned - includes amounts that are constrained by the Corporation's intent to be used for specific purposes but are neither restricted nor committed. The Corporation did not have any assigned fund balances at December 31, 2012.

Unassigned - includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the Corporation.

Order of Use of Fund Balance - The Corporation's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined.

NOTE 4 - DEBT

The Agency currently has an outstanding note payable to GF Management, Inc. The $100 note is payable together with interest at a rate of 7% per annum compounded annually with interest payable at maturity. The maturity date of this note is May 31, 2014.

NOTE 5 - CONTINGENCIES

A. Litigation

The Agency is party to various legal proceedings which normally occur in governmental operations. The Agency believes that its ultimate liability, if any, in connection with these matters, will not have a material effect on the Agency's financial condition or results of operations.

NOTE 6 - EVALUATION OF SUBSEQUENT EVENTS

The Agency has evaluated subsequent events through May 15, 2013, the date which the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustments of or disclosure in the accompanying financial statements.

PART II - Supplementary Information

INDUSTRIAL DEVELOPMENT AGENCY
ANNUAL FINANCIAL REPORT

_____ **Please check here if the name, address, and/or telephone number is different from last year.**

FOR DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY
(name of Industrial Development Agency)

City of Dunkirk
(name of sponsoring municipality)

FOR THE FISCAL YEAR ENDED **December 31, 2012**

General Municipal Law, Section 859 (1):

(b) Within ninety days following the close of its fiscal year, each agency or authority shall prepare a financial statement for that fiscal year in such form as may be prescribed by the State Comptroller. Such statement shall be audited within such ninety day period by an independent certified public accountant....

(c) Within thirty days after completion, a copy of the audited financial statement shall be transmitted to the Commissioner of the Department of Economic Development, the State Comptroller and the governing body of the municipality for whose benefit the agency was created.

OFFICE OF THE STATE COMPTROLLER
LOCAL GOVERNMENT SERVICES AND ECONOMIC DEVELOPMENT
DATA MANAGEMENT UNIT 12-8-C
110 STATE STREET
ALBANY, NY 12236-0001

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ENTERPRISE FUND * BALANCE SHEET * AS OF December 31, 2012

ASSETS	EDP CODE		LIABILITIES AND NET ASSETS	EDP CODE	
Cash	ED100S	$ 41	Accounts Payable	ED200S	$ -
Investments	ED105S	-	Accrued Liabilities	ED205S	184
Other Receivables (Net)	ED115S	-	Retained Percentages	ED210S	
State and Federal Aid Receivables	ED120S		Notes Payable	ED215S	-
Due From Other Funds	ED125S		Other Liabilities	ED220S	100
Due From Other Governments	ED130S		Due to Other Funds	ED225S	
Economic Development Projects	EDXXXX		Due to Other Governments	ED230S	
Prepaid Expenses	ED140S		Due to Other Entities	EDXXXX	-
Restricted Assets	ED145S		Deferred Revenues	ED245S	
Fixed Assets (Net)	ED150S				
			Total Liabilities		$ 284
			Invested in Capital Assets, Net of Related Debt	ED301	
			Restricted	ED306	
			Unrestricted	ED311	
			Net Assets		$ (243)
TOTAL ASSETS		$ 41	TOTAL LIABILITIES AND NET ASSETS		$ 41

The Notes to the Financial Statements are an integral part of this statement.

ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED December 31, 2012

	EDP CODE	AMOUNT
Operating Revenues		
Charges for Services	ED515S	$ 30
Payments in lieu of taxes	ED_____S	
Total Operating Revenues		$ 30
Operating Expenses		
Personal Services	ED625.1S	$
Contractual Expenses	ED625.4S	32
Employee Benefits	ED625.8S	
Depreciation	ED603.4S	
Total Operating Expenses		$ 32
Operating Income (Loss)		$ (2)
Non-Operating Revenues (Expenses)		
Revenues:		
Use of Money and Property	ED525S	$
Sale of Property and Compensation for Loss	ED530S	
	ED_____S	
Expenses: (Specify)		
Realized & Unrealized Gain on Marketable Securities	ED_____S	
Interest on Note	ED_____S	(19)
Net Non-Operating Revenue (Expense)		$ (19)
Income (Loss) Before Transfers and Taxes		$ (21)
Operating Transfers In	ED555S	
Operating Transfers Out	ED655.9S	
Real Property Taxes	ED_____.4S	
Net Income (Loss)		$ (21)
Net Assets - Beginning of Year	ED400S	$ (222)
Adjustments: (Specify)		
Transfer of Capital Assets	ED_____S	
Interest	ED_____S	
Net Assets - End of Year	ED405S	$ (243)

STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED December 31, 2012
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	EDP CODE	AMOUNT
Cash Flows from Operating Activities:		
Cash Received from Providing Services	ED7111S	
Cash Payments Contractual Expenses	ED7112S	$ (32)
Cash Payments Personal Services & Benefits	ED7113S	
Other Operating Revenues	ED7114S	$ 30
Net Cash Provided (Used) by Operating Activities	ED7119S	$ (2)
Cash Flows from Non-Capital and Financing Activities:		
Real Property Taxes	ED7121S	$
Operating Grants Received	ED7122S	
Transfers To/From Other Funds	ED7123S	
Proceeds of Debt (Non-Capital)	ED7124S	
Payment of Debt (Non-Capital)	ED7125S	
Interest Expenses (Non-Capital)	ED7126S	$ -
Net Cash Provided (Used) by Non-Capital Financing Activities	ED7129S	$ -
Cash Flows from Capital and Related Financing Activities:		
Proceeds of Debt (Capital)	ED7131S	$
Principal Payments Debt (Capital)	ED7132S	
Interest Expenses (Capital)	ED7133S	
Capital Contributed by Developers	ED7134S	
Capital Contributed by Other Funds	ED7135S	
Payments to Contractors	ED7136S	
Capital Grants Received from Other Governments	ED7137S	
Proceeds from Sale of Assets	ED7138S	
Net Cash Provided (Used) by Capital and Related Financing Activities	ED7139S	$ -

STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED December 31, 2012
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (Continued)

	EDP CODE	AMOUNT
Cash Flows from Investing Activities:		
Purchase of Investments	ED7151S	$
Sale of Investments	ED7152S	
Interest Income & Other	ED7153S	-
Net Cash Provided (Used) by Investing Activities	ED7159S	$ -
Net Increase (Decrease) in Cash and Cash Equivalents	ED7161S	$ (2)
Cash and Cash Equivalents at Beginning of Year	ED7171S	$ 43
Cash and Cash Equivalents at End of Year	ED7179S	$ 41
RECONCILIATION OF OPERATING INCOME TO NET CASH		
Operating Income (Loss)	ED7181S	$ (2)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) from Operations:		
Depreciation	ED7182S	
Increase/Decrease in Assets Other than Cash and Cash Equivalents	ED7183S	
Increase/Decrease in Liabilities Other than Cash and Cash Equivalents	ED7184S	
Other Reconciling Items:		
Interest Income & Other	ED7185S	
Transfer Out - Beginning Balance	ED7185S	
	ED7185S	
	ED7185S	
Total Adjustments	ED7188S	$ -
Net Cash Provided (Used) by Operating Activities	ED7189S	$ (2)

NOTES TO FINANCIAL STATEMENTS
Summary of Significant Accounting Policies

See accompanying notes to the financial statements

DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF INDUSTRIAL REVENUE BONDS AND NOTES ISSUED

December 31, 2012

Project	Date of Issue	Original Issue Value	Outstanding Balance at January 1, 2012	New Issues	Payments	Outstanding Balance at December 31, 2012
				-	-	
Total Indebtedness		$ -	$ -	$ -	$ -	$ -

STATEMENT OF INDEBTEDNESS

List Separately by Date of Issue	EDP CODE	Month and Year*	Interest Rate At Issuance	Interest Rate If Variable, Applicable Range	Outstanding Beginning of Fiscal Year	Do Not Include Renewals Here Issued During Fiscal Year	Do Not Include Renewals Here Paid During Fiscal Year	Outstanding End of Fiscal Year	Final Maturity Date
		T			1	3	5	7	
Capital Notes:	2P1865	/							
Other Debt (specifiy):		/							
		/							
Bond Anticipation Notes:	----------	/							
	----------	/							
	----------	/							
Total Bond Anticipation Notes	2P1866	----------	----------	----------			**		----------
**BANS Redeemed from Bond Proceeds	2P1888	----------	----------	----------	----------	----------		----------	----------
Bonds (List by Purpose)	----------	/							
	----------	/							
	----------	/							
	----------	/							
	----------	/							
Total Bonds	2P1867	----------	----------	----------					----------
Authority Loans	2P1869	/							
TOTAL OF ALL INDEBTEDNESS	----------	----------	----------	----------					----------

Please note callable features of bond issues and any reserve funds available to pay debt (include also in the Notes to Financial Statements)

*ON NEW ISSUES, PLEASE INSERT NEW ISSUE DATE. ON RENEWAL, PLEASE INSERT LATEST RENEWAL DATE. PLEASE INSERT 4 DIGITS. I.E. APRIL 2003 WOULD BE 04/03.

MATURITY SCHEDULE
BONDS ISSUED DURING THE YEAR

1. SCHEDULE ATTACHED
2. INFO APPEARS ON ATTACHED PRJOECT SHEETS

		EDP CODE					
PURPOSE OF ISSUE		----------					
For State Comptroller Use Only		2P3CE					
TOTAL PRINCIPAL		2P3PR					
DATE OF ISSUE*		2P3DT	/ /	/ /	/ /	/ /	/ /
INTEREST RATE (In Decimals)		2P3PC					
DATE OF FINAL MATURITY*		2P3DM	/ /	/ /	/ /	/ /	/ /
	2002	2P302					
Amount of Principal Redeemed	2003	2P303					
in or to be Redeemed in	2004	2P304					
Fiscal Year Ending in	2005	2P305					
	2006	2P306					
	2007	2P307					
	2008	2P308					
	2009	2P309					
	2010	2P310					
	2011	2P311					
	2012	2P312					
	2013	2P313					
	2014	2P314					
Continue on Reverse Side	2015	2P315					
	2016	2P316					

*PLEASE INSERT SIX DIGITS, FOR EXAMPLE, APRIL 1, 2003 SHOULD BE SHOWN AS 04/01/03
NOTE: If two or more purposes are combined in a consolidated issue, show the maturity schedule for each purpose.

MATURITY SCHEDULE
BONDS ISSUED DURING THE YEAR

1. SCHEDULE ATTACHED
2. INFO APPEARS ON ATTACHED PRJOECT SHEETS

		EDP CODE					
	2017	2P317					
Amount of Principal Redeemed	2018	2P318					
in or to be Redeemed in	2019	2P319					
Fiscal Year Ending in	2020	2P320					
	2021	2P321					
	2022	2P322					
	2023	2P323					
	2024	2P324					
	2025	2P325					
	2026	2P326					
	2027	2P327					
	2028	2P328					
	2029	2P329					
	2030	2P330					
	2031	2P331					
	2032	2P332					
	2033	2P333					
	2034	2P334					
Continue on Next Page	2035	2P335					
	2036	2P336					

*PLEASE INSERT SIX DIGITS, FOR EXAMPLE, APRIL 1, 2003 SHOULD BE SHOWN AS 04/01/03
NOTE: If two or more purposes are combined in a consolidated issue, show the maturity schedule for each purpose.

MATURITY SCHEDULE
BONDS ISSUED DURING THE YEAR

1. SCHEDULE ATTACHED
2. INFO APPEARS ON ATTACHED PRJOECT SHEETS

		EDP CODE					
	2037	2P337					
Amount of Principal Redeemed	2038	2P338					
in or to be Redeemed in	2039	2P339					
Fiscal Year Ending in	2040	2P340					
	2041	2P341					
	2042	2P342					
	2043	2P343					
	2044	2P344					
	2045	2P345					
	2046	2P346					
	2047	2P347					
	2048	2P348					
	2049	2P349					
	2050	2P350					
	2051	2P351					
	2052	2P352					
	2053	2P353					
	2054	2P354					
	2055	2P355					
	Total	----------					

*PLEASE INSERT SIX DIGITS, FOR EXAMPLE, APRIL 1, 2003 SHOULD BE SHOWN AS 04/01/03
NOTE: If two or more purposes are combined in a consolidated issue, show the maturity schedule for each purpose.

INSTRUCTIONS FOR COMPLETING SCHEDULE OF SUPPLEMENTAL BOND/NOTE AND LEASE INFORMATION FOR INDUSTRIAL DEVELOPMENT AGENCIES AND AUTHORITIES

The Supplemental Information follows the Maturity Schedule and is required to be completed for each project begun in 1990 and thereafter for which debt was issued,outstanding or retired during the fiscal year or any straight lease agreement which was entered into since 1990 and thereafter and is outstanding. (Photocopy additional sheets if needed).

1. On the Schedule of Supplemental Information, the name of the project, the name of the project owner, and the project owner's address must be completed for all projects begun in 1990 and thereafter. This information should be current and reflect any changes since the project was undertaken. The project code must be established and reported for all projects started in 1998 and thereafter. Refer to separate instructions for coding structure for IDA project identification numbers. This code should also be used to identify the project in reporting project activity to other state agencies or departments.

2. The project purpose code should be taken from the list on the top of pages 11 and 12 of the annual report forms. The definitions for the codes follows these instructions.

3. Total Project Amount is the cost of the entire project.

4. Benefitted Project Amount is Total Project Amount less any project costs that will not result in an IDA-derived benefit. For example, items included within the project amount that are not sales taxable (e.g. service, such as legal, architectural, engineering) or do not result in an increase in the real property assessment.

5. Bond or Note Amount is the original principal amount of bond or note issued.

6. Show the federal tax status of each bond or note using the codes on top of page 11.

7. Not-for-Profit Organization status of project occupant should be indicated by putting a "yes" in the not-for-profit column.

8. New Tax Revenue If No Exemptions Granted refers to the amount of tax revenues a project would generate if the project did not receive any tax exemptions.

9. Method of Financial Assistance Other Than Tax Exemptions or other economic benefits-can be detailed on another page if necessary.

10. Tax exemptions refer to the total dollar amount of exemptions received during the year for which the report is being completed. For real property tax exemptions, please indicate the total amount of taxes for which the project would have been liable if the IDA was not involved. Do not deduct amounts paid pursuant to any payment in lieu of taxes (PILOT) agreements. Real property tax exemptions must be shown for all projects including those to which PILOTS are made.

11. Total Real Property Tax Exemptions Net of RPTL section 485-b Exemptions is the amount of real property tax exemptions the project received as a result of IDA status, i.e., deduct from the IDA exemption the amount of any real property tax exemptions the project would have received, irrespective of IDA involvement.

12. Each project where a PILOT is made must be listed on pages 11b and 12b.
-- code 1 (all local units); -- code 2 (selected local units)

13.FTE Jobs Created and Retained-report the number of full time equivalent jobs.

PROJECT PURPOSE CODE DEFINITIONS

Services: This category includes establishments primarily engaged in producing a wide variety of services for individuals, business and government establishments and other organizations. Hotels and other lodging places, recreational services, health, legal, engineering, and other professional services; educational institutions, membership organizations, and other miscellaneous services, are included.

Construction: This category includes establishments primarily engaged in construction. Three broad types of construction activity are covered: (1) building construction by general contractors or by operative builders; (2) heavy construction other than building by general contractors and special trade contractors; and (3) construction activity by other special trade contractors.

Agriculture, Forestry and Fishing: This category includes establishments primarily engaged in agricultural production, forestry, commercial fishing, hunting and trapping and related services.

Wholesale Trade: This category includes establishments or places of business primarily engaged in selling merchandise to retailers; to industrial, commercial, institutional, farm, construction contractors, or professional business users; or to other wholesalers; or acting as agents or brokers in buying merchandise for or selling merchandise to such persons or companies.

Retail Trade: This category includes establishments engaged in selling merchandise for personal or household consumption and rendering services incidental to the sale of the goods. In general, retail establishments are classified by kind of business according to the principal lines of commodities sold (groceries, hardware, etc.), or the usual trade designation (drug store, cigar store, etc.). Some of the important characteristics of retail trade establishments are: the establishment is usually a place of business and is engaged in activities to attract the general public to buy; the establishment buys or receives merchandise as well as sells; the establishment may process its products, but such processing is incidental or subordinate to selling; the establishment is considered as retail in the trade; and the establishment sells to customers for personal or household use.

Finance, Insurance and Real Estate: This category includes establishments operating primarily in the fields of finance, insurance and real estate. Finance includes depository institutions, non-depository credit institutions, holding (but not predominantly operating) companies, other investment companies, brokers and dealers in securities and commodity contracts, and security and commodity exchanges. Insurance covers carriers of all types of insurance, and insurance agents and brokers. Real estate includes owners, lessors, lessees, buyers, sellers, agents, and developers of real estate.

Transportation, Communications, Electric, Gas and Sanitary Services; This category includes establishments providing, to the general public or to other business enterprises, passenger and freight transportation, communications services, or electricity, gas, steam, water or sanitary services.

Other Categories:

--Exempt Facility	-- Water and sewage facilities	--Docks, wharves and public transit	--Solid waste and resource recovery
--Local furnishing of electric energy or gas	--Exempt sports facility	--Pollution control	--Civic Facility-- Facility owned or occupied by a nonprofit organization

Manufacturing: The manufacturing category includes establishments engaged in the mechanical or chemical transformation of materials or substances into new products. These establishments are usually described as plants, factories, or mills and characteristically use power drive machines and materials handling equipment. Establishments engaged in assembling component parts of manufactured products are also considered manufacturing if the new product is neither a structure nor other fixed improvement. Also included is the blending of materials, such as lubricating oils, plastic resins, or liquors.

SCHEDULE OF SUPPLEMENTAL INFORMATION
BONDS/NOTES

Refer to Page 10 of this report for instructions

*Total Exemptions (page 11a) less total PILOTS (page 11b)

Project Purpose Codes

1. Services
2. Construction
3. Agriculture, Forestry, Fishing
4. Wholesale Trade
5. Retail Trade
6. Finance, Insurance and Real Estate
7. Transportation, Communication, Electric, Gas, and Sanitary Services
8. Other (specify)
9. Manufacturing

Federal Tax Status

1. Taxable
2. Tax Exempt

No.	Project Code	Name of Project, Project Owner and Address	Purpose	Total Project Amount	Benefitted Project Amount	Bond/Note Amount	Federal Tax Status	Not for Profit	New Tax Revenues if No Exemptions Granted*
1									
2.									
3.									
4.									
5.									
6.									
7.									

SCHEDULE OF SUPPLEMENTAL INFORMATION
BONDS/NOTES

Refer to Page 10 of this report for instructions

TAX EXEMPTIONS

No.	Sales Tax Exemptions		Real Property Tax Exemptions			Mortgage Recording	Total Exemptions	Total Exemptions Net of RPTL section 485-b Exemptions
	State	Local	County	Local	School			
1.								
2.								
3.								
4.								
5.								
6.								
7.								

SCHEDULE OF SUPPLEMENTAL INFORMATION
BONDS/NOTES

Refer to page 10 of this report for instructions.

*For appropriate Code, indicate 1 or 2:

1 =PILOT payments made to all eligible local government participants.
2 =PILOT payments made to selected local government participants.

PAYMENTS IN LIEU OF TAXES (PILOTS)						
No.	**Project Code**	**County**	**Local**	**School**	**Total PILOTS**	**Code***
1.						
2.						
3.						
4.						
5.						
6.						
7.						

SCHEDULE OF SUPPLEMENTAL INFORMATION - BONDS/NOTES
Full Time Equivalent (FTE) Jobs Created and Retained

No.	# of FTE Employees at Project Location Before IDA Status	Original Estimate of Jobs to be Created:	Original Estimate of Jobs to be Retained:	# of Current FTE Employees	# of FTE Construction Jobs Created During Fiscal Year
1.					
2.					
3.					
4.					
5.					
6.					
7.					

DUNKIRK IDA - 2012

BOND PROJECTS

Project Code

Please Specify: Bond Project ◯ Lease Project ◯

Schedule of Supplemental Information (Bonds/Notes or Straight Lease)

Name of Project:

Project Owner and Address:

Project Purpose (see instructions): 1

Federal Tax Status: Taxable ___ Tax Exempt X

Straight Lease End Date:

Total Project/Lease Amount -2009

Benefited Project Amount

Bond/Note Amount

Please check box if applicable:
☐ Not all data is reported.
Letter of explanation attached.

Non-profit? Y x N ___ New tax revenues if no exemptions granted $0.00

Exemptions

Sales Tax	Real Property Tax	Mortgage Recording	Total Exemptions	Total Exemptions Net of RPTL Sec 485-b Exemptions
State: $0.00	County:			$0.00
Local: $0.00	Local (sum of			
	School:			

Payments in Lieu of Taxes (PILOTS)

County	Local (sum of	School	Total PILOTS	Code (see instructions)
		$0.00	$0.00	1

Full-Time Equivalent (FTE) Jobs Created and Retained

# FTE Employees at Project Location Prior to IDA Status	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained	# Current FTE Employees	# FTE Construction Jobs Created during Fiscal Year

Straight Lease: Identify method of financial assistance utilized by project, other than tax exemptions claimed by project. Identify by amount and type:

Please complete bond and note information on reverse

Bonds and Notes Related to Project

Project Code

Name of Project:

Type of Debt:	Bond(s) ■ Note(s) □	Bond(s) ■ Note(s) □	Bond(s) ■ Note(s) □	Bond(s) ■ Note(s) □	Total
Date of Issue:					
Interest Rate:					
• At issuance					
• If variable, applicable range					
Outstanding Beginning of Fiscal Year:					$ -
Issued During Fiscal Year:	$ -				$ -
Paid During Fiscal Year:	$ -				$ -
Outstanding End of Fiscal Year:					$ -
Final Maturity Date:					

Bonds and notes reported above do not need to be reported in the Statement of Indebtedness (Page 6 of the Annual Financial Report)

SCHEDULE OF SUPPLEMENTAL INFORMATION
STRAIGHT LEASE

Project Purpose Codes

1. Services
2. Construction
3. Agriculture, Forestry, Fishing
4. Wholesale Trade
5. Retail Trade
6. Finance, Insurance and Real Estate
7. Transportation, Communication, Electric, Gas, and Sanitary Services
8. Other (specify)
9. Manufacturing

* Total Exemptions (page 12a) less total PILOTS (page 12b)

Refer to page 10 of this report for instructions

No.	Project Code	Name of Project, Project Owner and Address	Purpose	Total Amount of Lease	Not for Profit	New Tax Revenues If No Exemptions Granted*	Method of Financial Assistance Utilized by Project, Other than Tax Exemptions Claimed by Project (Identify amount and type)
1.							
2.							
3.							
4.							
5.							
6.							
7.							

SCHEDULE OF SUPPLEMENTAL INFORMATION
STRAIGHT LEASE

Refer to Page 10 of this report for instructions

TAX EXEMPTIONS

No.	Sales Tax Exemptions		Real Property Tax Exemptions			Mortgage Recording	Total Exemptions	Total Exemptions Net of RPTL section 485-b Exemptions
	State	Local	County	Local	School			
1.								
2.								
3.								
4.								
5.								
6.								
7.								

SCHEDULE OF SUPPLEMENTAL INFORMATION
STRAIGHT LEASE

Refer to page 10 of this report for instructions.

*For appropriate Code, indicate 1 or 2:

1 =PILOT payments made to all eligible local government participants.
2 =PILOT payments made to selected local government participants.

PAYMENTS IN LIEU OF TAXES (PILOTS)						
No.	**Project Code**	**County**	**Local**	**School**	**Total PILOTS**	**Code***
1.						
2.						
3.						
4.						
5.						
6.						
7.						

SCHEDULE OF SUPPLEMENTAL INFORMATION - STRAIGHT LEASE
Full Time Equivalent (FTE) Jobs Created and Retained

No.	# of FTE Employees at Project Location Before IDA Status	Original Estimate of Jobs to be Created:	Original Estimate of Jobs to be Retained:	# of Current FTE Employees	# of FTE Construction Jobs Created During Fiscal Year
1.					
2.					
3.					
4.					
5.					
6.					
7.					

DUNKIRK IDA - 2012

LEASE PROJECTS

Project Code 1

Please Specify: Bond Project ○ Lease Project ●

Schedule of Supplemental Information (Bonds/Notes or Straight Lease)

Name of Project: 0602 05 01A

Project Owner and Address: Dunkirk Resort Properties, LLC
30 Lake Shore Drive, Dunkirk, NY 14048

Project Purpose (see instructions): 1

Federal Tax Status: Taxable x Tax Exempt ___.

Total Project/Lease Amount $1,900,000

Straight Lease
End Date: 7/31/2020

Benefited Project Amount $1,900,000

Bond/Note Amount $ 100

Non-profit? Y___ N x **New tax revenues if no exemptions granted** ($15,933.91)

Please check box if applicable:
☐ Not all data is reported.
Letter of explanation attached.

Exemptions

Sales Tax (est)	Real Property Tax	Mortgage Recording	Total Exemptions	Total Exemptions Net of RPTL Sec 485-b Exemptions
State: $0.00	County: $28,625.20	$0.00	$134,066.09	$134,066.09
Local: $0.00	Local (sum of $44,538.07			
	School: $60,902.83			

Payments in Lieu of Taxes (PILOTS)

County	Local (sum of	School	Total PILOTS	Code (see instructions)
$0.00	$150,000.00	$0.00	$150,000.00	Services

Full-Time Equivalent (FTE) Jobs Created and Retained

# FTE Employees at Project Location Prior to IDA Status	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained	# Current FTE Employees	# FTE Construction Jobs Created during Fiscal Year
0	1	1	27	0

Straight Lease: Identify method of financial assistance utilized by project, other than tax exemptions claimed by project. Identify by amount and type:

Please complete bond and note information on reverse

Bonds and Notes Related to Project

Project Code 1

Name of Project: Ramada Inn (2005 Project)

Type of Debt:	Bond(s) ☐ Note(s) ■	Bond(s) ■ Note(s) ☐	Bond(s) ■ Note(s) ☐	Bond(s) ■ Note(s) ☐	Total
Date of Issue:	8/4/1997				
Interest Rate: • At issuance	7% Annual				
• If variable, applicable range					
Outstanding Beginning of Fiscal Year:	$ 100				$ 100
Issued During Fiscal Year:	$ -				$ -
Paid During Fiscal Year:	$ -				$ -
Outstanding End of Fiscal Year:	$ 100				$ 100
Final Maturity Date:	5/31/2014				Final maturity date of last

Bonds and notes reported above do not need to be reported in the Statement of Indebtedness (Page 6 of the Annual Financial Report)

Project Code 2 Please Specify: Bond Project Lease Project

Schedule of Supplemental Information (Bonds/Notes or Straight Lease)

Name of Project: 0602 08 01A

Project Owner and Address: Chadwick Bay, LLC
21 East Second Street, Dunkirk, NY 14048

Project Purpose (see instructions): 6

Federal Tax Status: Taxable x Tax Exempt ____.

Total Project/Lease Amount $1,808,000

Straight Lease End Date: 5/30/2019

Benefited Project Amount $1,808,000

Bond/Note Amount $ -

Non-profit? Y___ N x **New tax revenues if no exemptions granted** $17,245.11

Please check box if applicable:
☐ Not all data is reported.
Letter of explanation attached.

Exemptions

Sales Tax (est)	Real Property Tax	Mortgage Recording	Total Exemptions	Total Exemptions Net of RPTL Sec 485-b Exemptions
State: $0.00	County: $3,682.10	$0.00	$17,245.11	$17,245.11
Local: $0.00	Local (sum of city/town/village): $5,729.00			
	School: $7,834.02			

Payments in Lieu of Taxes (PILOTS)

County	Local (sum of city/town/village)	School	Total PILOTS	Code (see instructions)
$0.00	$0.00	$0.00	$0.00	Services

Full-Time Equivalent (FTE) Jobs Created and Retained

# FTE Employees at Project Location Prior to IDA Status	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained	# Current FTE Employees	# FTE Construction Jobs Created during Fiscal Year
0	1	1	1	0

Straight Lease: Identify method of financial assistance utilized by project, other than tax exemptions claimed by project. Identify by amount and type:

Please complete bond and note information on reverse

Bonds and Notes Related to Project

Project Code

Name of Project:

Type of Debt:	Bond(s) ☐ Note(s) ■	Bond(s) ■ Note(s) ☐	Bond(s) ■ Note(s) ☐	Bond(s) ■ Note(s) ☐	Total
Date of Issue:					
Interest Rate:					
• At issuance					
• If variable, applicable range					
Outstanding Beginning of Fiscal Year:	$ -				$ -
Issued During Fiscal Year:	$ -				$ -
Paid During Fiscal Year:	$ -				$ -
Outstanding End of Fiscal Year:	$ -				$ -
Final Maturity Date:					Final maturity date of last

Bonds and notes reported above do not need to be reported in the Statement of Indebtedness (Page 6 of the Annual Financial Report)

BANK RECONCILIATION
CASH BY FUNDS, PER BALANCE SHEETS
Include Petty Cash

Enterprise Fund	41
TOTAL ALL FUNDS	41 *

BANK BALANCES
Identify Bank Balances with Funds by Listing the Applicable Code Letters

Name and Location of Bank	Fund Code	Bank Balance	Less Outstanding Checks	Add Cash on Hand	Adjusted Bank Balance
COMMUNITY BANK - DUNKIRK, NY	E	41			41
	Add:	Petty Cash Funds			
		Adjustments (specify) _____, _____			
		TOTAL ADJUSTED BANK BALANCE AND PETTY CASH			41 *

*These amounts must agree.

NOTE: Bank certification forms are not required to be filed with this report. However, the Office of the State Comptroller may confirm bank balances directly with the bank.

CERTIFICATE OF CHIEF FISCAL OFFICER

I, STEVE NERATKO, CERTIFY THAT I AM THE CHIEF FISCAL OFFICER OF THE DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY AND THAT THIS REPORT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF, IS A TRUE AND CORRECT STATEMENT OF THE FINANCIAL TRANSACTIONS AND FISCAL CONDITION FOR THE FISCAL YEAR ENDED 2012

SIGNATURE _____ DATE

TITLE Executive Director

OFFICIAL ADDRESS: DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY
342 CENTRAL AVENUE
DUNKIRK, NY 14048

OFFICE TELEPHONE NO. 716-366-0452

PLEASE MAIL REPORT TO:

OFFICE OF THE STATE COMPTROLLER
DIVISION OF LOCAL GOVERNMENT SERVICES
AND ECONOMIC DEVELOPMENT
DATA MANAGEMENT UNIT 12-8-C
110 STATE STREET
ALBANY, NY 12236

IF YOU HAVE QUESTIONS RELATING TO THIS REPORT, PLEASE CALL: (518) 408-2941

PART III - Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based ion Audit of Financial Statements Performed in Accordance with Government Auditing Standards

JOHNSON, MACKOWIAK
AND ASSOCIATES, LLP
Certified Public Accountants & Consultants

70 East Main Street / Fredonia, New York 14063 / 716-672-4770 / Fax 716-679-1512

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

May 15, 2013

To the Board of Directors
City of Dunkirk Industrial Development Agency
342 Central Avenue
Dunkirk, New York 14048

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Dunkirk Industrial Development Agency ("DIDA"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the DIDA's basic financial statements and have issued our report thereon dated May 15, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the DIDA'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the DIDA's internal control. Accordingly, we do not express an opinion on the effectiveness of the DIDA'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 statement 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 DIDA'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*.

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 result 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.

Johnson, Mackowiak & Associates, LLP

JOHNSON, MACKOWIAK & ASSOCIATES, LLP