

**TOWN OF ERWIN INDUSTRIAL DEVELOPMENT AGENCY**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2012**

## TOWN OF ERWIN INDUSTRIAL DEVELOPMENT AGENCY

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Town of Erwin Industrial Development Agency  
Painted Post, New York

### Report on the Financial Statements

We have audited the accompanying financial statements of the Town of Erwin Industrial Development Agency, a component unit of the Town of Erwin, as of and for the year ended December 31, 2012, 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 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 opinion.

### Basis for Qualified Opinion

We were unable to audit land cost reflected in the financial statements as Land - Three Rivers Corp. Fund amounting to \$195,000 at December 31, 2012. We were also unable to audit Accrued Expenses - Three Rivers Corp. Fund amounting to \$40,142 at December 31, 2012.

In addition, as discussed in Note 1 and Note 3, depreciation expense has not been recorded for property and equipment. Accounting principles generally accepted in the United States of America require that depreciation expense be recorded based on the estimated useful life of each asset, which would decrease the assets and net position and change the expenses. The amount by which this departure would affect the assets, net position, and expense has not been determined.

### **Qualified Opinion**

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to audit land cost and accrued expenses, and the effect of not recording depreciation expense, as described in the basis for qualified opinion paragraph, the financial statements referred to above present fairly, in all material respects, the net assets of the Town of Erwin Industrial Development Agency as of December 31, 2012, and its changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

The Town of Erwin Industrial Development Agency has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

#### *Other Information*

As discussed in Note 1 to the financial statements, in 2012 the Agency adopted the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

As described in Note 8 to the financial statements, certain errors resulting in an understatement of previously reported due to other governments as of December 31, 2011 were discovered by management of the Agency subsequent to the issuance of our report on those financial statements dated July 12, 2012. Accordingly, an adjustment has been made in the accompanying financial statements to net position as of December 31, 2011, to correct this error. Our opinion is not modified with respect to this matter.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2013, on our consideration of the Town of Erwin Industrial Development Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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 Town of Erwin Industrial Development Agency's internal control over financial reporting and compliance.

*EFP Rotenberg, LLP*

EFP Rotenberg, LLP  
Rochester, New York  
March 28, 2013

**TOWN OF ERWIN INDUSTRIAL DEVELOPMENT AGENCY**  
**Statement of Net Position**  
**December 31, 2012**

	<u>TEIDA Fund</u>	<u>Airport Fund</u>	<u>Three Rivers Corp. Fund</u>	<u>Total All Funds</u>
<b>ASSETS</b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 1,158,317	\$ 219,582	\$ 112,889	\$ 1,490,788
Due from other funds	-	-	25,000	25,000
Other assets	<u>-</u>	<u>-</u>	<u>965</u>	<u>965</u>
Total current assets	1,158,317	219,582	138,854	1,516,753
<b>Property and Equipment - Net</b>	<u>-</u>	<u>10,182,552</u>	<u>195,000</u>	<u>10,377,552</u>
<b>Total Assets</b>	<u>\$ 1,158,317</u>	<u>\$ 10,402,134</u>	<u>\$ 333,854</u>	<u>\$ 11,894,305</u>
<b>LIABILITIES AND NET POSITION</b>				
<b>Liabilities</b>				
Due to other governments	\$ 1,110,963	\$ 265,028	\$ -	\$ 1,375,991
Due to other funds	-	25,000	-	25,000
Accounts payable	44,695	6,350	-	51,045
Accrued expenses	<u>-</u>	<u>-</u>	<u>40,142</u>	<u>40,142</u>
Total liabilities	<u>1,155,658</u>	<u>296,378</u>	<u>40,142</u>	<u>1,492,178</u>
<b>Net Position</b>				
Net investment in capital assets	-	10,182,552	195,000	10,377,552
Restricted	-	-	98,712	98,712
Unrestricted	<u>2,659</u>	<u>(76,796)</u>	<u>-</u>	<u>(74,137)</u>
Total net assets	<u>2,659</u>	<u>10,105,756</u>	<u>293,712</u>	<u>10,402,127</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 1,158,317</u>	<u>\$ 10,402,134</u>	<u>\$ 333,854</u>	<u>\$ 11,894,305</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF ERWIN INDUSTRIAL DEVELOPMENT AGENCY**  
**Statement of Income, Expenses, and Change in Net Position**  
**For the Year Ended December 31, 2012**

	<u>TEIDA Fund</u>	<u>Airport Fund</u>	<u>Three Rivers Corp. Fund</u>	<u>Total All Funds</u>
<b>Income</b>				
Federal development grants	\$ -	\$ 223,377	\$ -	\$ 223,377
State development grants	-	6,613	-	6,613
Fees	-	31,900	-	31,900
Other income	-	11,938	-	11,938
Interest income	-	-	517	517
Total income	<u>-</u>	<u>273,828</u>	<u>517</u>	<u>274,345</u>
<b>Expenses</b>				
Administrative	150	23,978	13,155	37,283
Miscellaneous expense	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
Total expenses	<u>25,150</u>	<u>23,978</u>	<u>13,155</u>	<u>62,283</u>
<b>Change in Net Position</b>	<u>(25,150)</u>	<u>249,850</u>	<u>(12,638)</u>	<u>212,062</u>
<b>Net Position - Beginning - as Previously Stated</b>	164,200	9,855,906	306,350	10,326,456
<b>Restatement (Note 8)</b>	<u>(136,391)</u>	<u>-</u>	<u>-</u>	<u>(136,391)</u>
<b>Net Position - Beginning - as Restated</b>	<u>27,809</u>	<u>9,855,906</u>	<u>306,350</u>	<u>10,190,065</u>
<b>Net Position - Ending</b>	<u>\$ 2,659</u>	<u>\$ 10,105,756</u>	<u>\$ 293,712</u>	<u>\$ 10,402,127</u>

The accompanying notes are an integral part of these financial statements.

**TOWN OF ERWIN INDUSTRIAL DEVELOPMENT AGENCY**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2012**

	<u>TEIDA Fund</u>	<u>Airport Fund</u>	<u>Three Rivers Corp. Fund</u>	<u>Total All Funds</u>
<b>Cash Flows from Operating Activities</b>				
Cash receipts from federal and state grants	\$ -	\$ 229,990	\$ -	\$ 229,990
Cash receipts from fees and other income	-	43,838	-	43,838
Interest income	-	-	517	517
Cash paid for operating expenses	<u>19,545</u>	<u>(23,978)</u>	<u>(13,155)</u>	<u>(17,588)</u>
Net cash from operating activities	<u>19,545</u>	<u>249,850</u>	<u>(12,638)</u>	<u>256,757</u>
<b>Cash Flow from Noncapital Financing Activities</b>				
Loans from other funds	-	173,998	-	173,998
Loans to other funds	(173,998)	-	-	(173,998)
Loans received from other government	<u>755,305</u>	<u>-</u>	<u>-</u>	<u>755,305</u>
Net cash provided by noncapital financing activities	<u>581,307</u>	<u>173,998</u>	<u>-</u>	<u>755,305</u>
<b>Cash Flows from Investing Activities</b>				
Land and project expenditures	-	(217,346)	-	(217,346)
Proceeds from sale of building	<u>527,998</u>	<u>-</u>	<u>-</u>	<u>527,998</u>
Net cash used for investing activities	<u>527,998</u>	<u>(217,346)</u>	<u>-</u>	<u>310,652</u>
<b>Net Change in Cash and Cash Equivalents</b>	1,128,850	206,502	(12,638)	1,322,714
<b>Cash and Cash Equivalents - Beginning</b>	<u>29,467</u>	<u>13,080</u>	<u>125,527</u>	<u>168,074</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 1,158,317</u>	<u>\$ 219,582</u>	<u>\$ 112,889</u>	<u>\$ 1,490,788</u>
<b>Reconciliation of Change in Net Assets to Net Cash from Operating Activities</b>				
Change in net assets	\$ (25,150)	\$ 249,850	\$ (12,638)	\$ 212,062
Adjustments				
Change in accounts payable	<u>44,695</u>	<u>-</u>	<u>-</u>	<u>44,695</u>
Net cash from operating activities	<u>\$ 19,545</u>	<u>\$ 249,850</u>	<u>\$ (12,638)</u>	<u>\$ 256,757</u>

The accompanying notes are an integral part of these financial statements

**TOWN OF ERWIN INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

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**Note 1. Summary of Significant Accounting Policies and Nature of the Agency**

The Town of Erwin Industrial Development Agency ("TEIDA") of Erwin, New York is a public benefit corporation which was established August 26, 1970, pursuant to Chapter 1030 of the Laws of 1969 by an Act of the New York State Legislature. The purpose of TEIDA is to protect and promote the economic welfare of the Town of Erwin and to actively promote, attract, encourage and develop the continuation of sound commerce and industry through farsighted municipal action and to develop, encourage and assist new industry and commerce to consider locating in the Town of Erwin.

TEIDA owns the Industrial Park located in the Town of Erwin and sells land in the park to foster industrial growth. TEIDA provides the infrastructure to support industrial growth by contracting with industry and the Town of Erwin to be the agent to construct municipal infrastructure (roads, water and sewer facilities) that is located in the Town of Erwin for ultimate ownership and operation.

TEIDA owns the Corning-Painted Post Airport, a public use, general aviation airport, and a gravel pit. The material in the gravel pit assists TEIDA to provide the infrastructure that supports industrial growth.

TEIDA is a component unit of the Town of Erwin.

**Basis of Accounting** - Beginning in 2012, the Agency adopted the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement codifies all sources of accounting principles generally accepted in the United States of America into the GASB's authoritative literature.

The accounts of the Agency are maintained on the accrual basis of accounting. Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is on the determination of operating income, financial position, changes in net position and cash flows. Operating revenues include charges for services. Operating expenses include costs of services as well as, materials, contracts, personnel, and depreciation. This includes the capitalization of fixed assets and recording long term debt as a fund liability. Depreciation on fixed assets has not been provided in the accompanying financial statements.

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

**Basis of Presentation** - Beginning in 2012, the Agency adopted the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These statements provide guidance on presenting deferred outflows, deferred inflows and net position. Net position represents assets and deferred outflows of resources less liabilities and deferred inflows of resources. GASB requires the classification of net position into three classifications defined as follows:

Net investment in capital assets - This component of net position consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position - This component of net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets. At December 31, 2012, the Agency had \$98,712 in restricted net position.

Unrestricted net position - This component of net position consists of all other net position that does not meet the definition of the above two components and is available for general use by the agency.



**TOWN OF ERWIN INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

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**Cash and Cash Equivalents** - For the purposes of the balance sheets and statements of cash flows, cash and cash equivalents include deposits. TEIDA maintains cash and cash equivalents at financial institutions which periodically may exceed federally insured limits.

**Investment Policy** - TEIDA has a formal investment policy approved by the Board of Directors that defines permitted investments and establishes collateralization requirements for all investments. The investment policy is in compliance with the laws of the State of New York, Chapter 838, Title 7, Section 2925. The Agency is permitted to invest funds in the following types of investments: savings accounts, NOW accounts, Super NOW accounts, 7-31-Day accounts, Municipal Investors Service Corporation's Cooperative Liquid Assets Securities System (CLASS), repurchase agreements, certificates of deposit, obligations of the United States of America, obligations of public housing authorities, urban renewal agencies and industrial development agencies, and certificates of participation. All deposits of the Agency are public funds and shall have a pledge of collateral by the bank or trust company in which the funds are deposited. The Agency may contract for the purchase of investments through competitive bids solicited by telephone directly. It is the policy of the Agency to diversify its deposits and investments by financial institution, by investment instrument and by maturity scheduling. The Agency maintains a listing of financial institutions and dealers approved for investment purposes. The Agency maintains proper books and records supporting all investment and deposit accounts held by the Agency.

**Property and Equipment** - Property and equipment is stated at the acquisition cost or construction cost, including administrative expenses and interest attributable to each project. All costs associated with projects are capitalized and there is no formal capitalization policy. Depreciation has not been recorded.

The Agency contracts with industry and the Town of Erwin to be the agent to construct municipal infrastructure (roads, water and sewer facilities) that is dedicated to the Town of Erwin for ultimate ownership and operation. These financial statements do not include any assets, liabilities, revenues or expenses related to infrastructure activities.

**Conduit Financing** - TEIDA does not provide conduit financing.

**Payments in Lieu of Taxes** - TEIDA has done traditional payment in lieu of taxes agreements (PILOT) whereby TEIDA owns the land, sells it to the industry on a land contract in exchange for PILOT payments, and at the end of the PILOT period the land transfers to the industry. This included sales tax exemption for construction. TEIDA has no active PILOT agreements of this type. TEIDA does have a PILOT with the operator of the Corning-Painted Post Airport for buildings owned by the operator.

**Note 2. Due to/from Other Funds**

All interfund balances are considered to be short-term. Interfund balances at December 31, 2012 consisted of the following:

	<u>Amount Receivable</u>	<u>Amount Payable</u>
Airport Fund	\$ -	\$ 25,000
Three River Fund	<u>25,000</u>	<u>-</u>
Total	<u>\$ 25,000</u>	<u>\$ 25,000</u>

**TOWN OF ERWIN INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

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**Note 3. Property and Equipment**

Property and equipment consisted of the following at December 31, 2012:

Land - Airport Fund	\$ 2,838,066
Land Improvements - Airport Fund	6,260,522
Buildings - Airport Fund	683,853
Equipment - Airport Fund	356,101
Construction in Progress - Airport Fund	44,010
Land - Three Rivers Corp. Fund	<u>195,000</u>
Total property and equipment - net	<u>\$ 10,377,552</u>

The Agency does not record depreciation expense and related accumulated depreciation on property and equipment.

**Note 4. Due to Other Governments and Related Party Transactions**

Amounts due to other governments was comprised of the following at December 31, 2012:

Town of Erwin	<u>\$ 1,375,991</u>
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This liability relates to the grant advances and non-interest bearing advances.

**Note 5. In-Kind Contributions**

TEIDA does not record in-kind contributions due to the fair value of services not being readily determinable at year end. Management has determined that the effect is immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

TEIDA offices are housed in a building owned by the Town of Erwin. The Town does not charge rent to TEIDA for the use of the facility.

The job responsibilities of certain Town of Erwin employees, primarily the Town Manager and Administrative Assistant, include duties performed for and on behalf of TEIDA. The Town does not charge TEIDA for these services.

**Note 6. Concentrations of Credit Risk**

As required by the investment policy, collateral is required for time deposits and certificates of deposit not covered by the Federal Deposit Insurance Corporation. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and towns. As of December 31, 2012, TEIDA accounts were fully collateralized.

**TOWN OF ERWIN INDUSTRIAL DEVELOPMENT AGENCY**  
**Notes to Financial Statements**

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**Note 7. Budget Comparison**

The following is a comparison of the TEIDA and airport funds actual expenditures to budgeted expenditures for the year ended December 31, 2012:

	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Contractual expenditures	\$ 192,973	\$ 217,346	\$ (24,373)
Administrative	11,950	24,128	(12,178)
Miscellaneous expense	-	25,000	(25,000)
Total	<u>\$ 204,923</u>	<u>\$ 266,474</u>	<u>\$ (61,551)</u>

Contractual expenditures include current year additions to property and equipment. The difference from budget to actual was due to an increase in the development grants received, which offset these expenditures. The difference in administrative and miscellaneous expenditures relates to unbudgeted expenses in 2012.

**Note 8. Restatement**

Subsequent to December 31, 2011, management discovered certain errors resulting in an understatement of previously reported due to other governments relating to the Parkwell Project. The correction of this error resulted in increasing total liabilities and decreasing net assets at December 31, 2011 by \$136,391. This restatement did not have an impact on the Agency's change in net assets for the year ended December 31, 2011.



**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**

**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Town of Erwin Industrial Development Agency  
Painted Post, New York

We have audited, in accordance with the 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 Erwin Industrial Development Agency as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Town of Erwin Industrial Development Agency's basic financial statements, and have issued our report thereon dated March 28, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Erwin Industrial Development 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 Town of Erwin Industrial Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Erwin Industrial Development 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 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 Town of Erwin Industrial Development Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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.

*EFP Rotenberg, LLP*

EFP Rotenberg, LLP  
Rochester, New York  
March 28, 2013

**TOWN OF ERWIN INDUSTRIAL DEVELOPMENT AGENCY**  
**Schedule of Findings**  
**For the Year Ended December 31, 2012**

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**FINDINGS - FINANCIAL STATEMENT AUDIT**

NONE

**TOWN OF ERWIN INDUSTRIAL DEVELOPMENT AGENCY**  
**Summary Schedule of Prior Year Findings**  
**For the Year Ended December 31, 2012**

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**FINDING 2011-1**

**Material Weakness - Accounting Records:** During the prior year audit, it was noted that several cash accounts were not recorded on the Town of Erwin Industrial Development Agency's general ledger. In addition, it was necessary to make a significant number of material journal entries to the Agency's general ledger. Although we as auditors are involved in the process of drafting the financial statements and related footnotes and may be consulted with respect to entries necessary to record specific transactions, it is management's responsibility to maintain the necessary expertise and the proper system of controls to properly prevent or detect a material misstatement in the general ledger and in the financial statements.

**Resolution:** This issue has been resolved in the current year.

**FINDING 2011-2**

**Significant Deficiency - Timely Filing of Required Reports:** During the prior year audit, it was noted that the Agency has not filed numerous New York State Authorities Budget Office reports. These are required to be completed by all Industrial Development Agencies and filed on the Public Authorities Reporting Information System, ("PARIS").

**Resolution:** This issue has been resolved in the current year.