

COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF
GLOVERSVILLE, NEW YORK)

Independent Auditor's Report

Regulatory Financial Statements

Years Ended December 31, 2013 and 2012

COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF GLOVERSVILLE, NEW YORK)

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Common Council of the
City of Gloversville, New York

Report on the Financial Statements

We have audited the accompanying regulatory financial statements of the Community Development Agency, a component unit of the City of Gloversville, New York, as of and for the years ended December 31, 2013 and 2012 as presented in the Annual Financial Report Update Document and the related notes to the regulatory financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these regulatory financial statements in accordance with the accounting practices prescribed and permitted by and the financial reporting provisions of the Office of the Comptroller of the State of New York. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these regulatory financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

Opinion

In our opinion, the regulatory financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund equity of the Community Development Agency (a component unit of the City of Gloversville, New York) as of December 31, 2013 and 2012, and the

revenues and expenditures thereof for the years then ended in accordance with the requirements of the New York State Comptroller as described in the notes to the regulatory financial statements.

Basis of Accounting

We draw attention to the footnotes to the regulatory financial statements, which describe the basis of accounting. The regulatory financial statements are prepared on the basis of the accounting practices prescribed or permitted by and the financial reporting provisions of the Office of the State Comptroller of the State of New York, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the regulatory financial statements of the Community Development Agency's (a component unit of the City of Gloversville, New York) financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the regulatory financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the regulatory financial statements. The information has been subjected to the auditing procedures applied in the audit of the regulatory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the regulatory financial statements or to the regulatory financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the regulatory financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2014 on our consideration of the Community Development Agency's (a component unit of the City of Gloversville, New York) 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 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 Community Development Agency's (a component unit of the City of Gloversville, New York) internal control over financial reporting and compliance.

Restriction on Use

This report is intended solely for the information and use of management, City of Gloversville, New York's Common Council, others within the City of Gloversville, New York, the Office of the Comptroller of the State of New York and the U.S. Department of HUD and is not intended to be and should not be used by anyone other than these specified parties.

Whittemore, Downen & Ricciardelli, LLP

Whittemore, Downen & Ricciardelli, LLP
Queensbury, New York

February 24, 2014

COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF GLOVERSVILLE, NEW YORK)

Annual Financial Report Update Document
Regulatory Basis

December 31, 2013 and 2012

(CD) SPECIAL GRANT

Balance Sheet

Code Description	2012	EdpCode	2013
Assets			
Cash	\$ 66,752	CD200	\$ 37,027
Total Cash	66,752		37,027
Rehabilitation Loans Receivable	64,030	CD390	64,030
Total Other Receivables	64,030		64,030
State And Federal Aid Receivables	61,927	CD410	100,674
Total State And Federal Aid Receivables	61,927		100,674
Due From Other Funds	-	CD391	-
Total Due From Other Funds	-		-
Total Assets	\$ 192,709		\$ 201,731

See Independent Auditor's Report and Notes

COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF GLOVERSVILLE, NEW YORK)

Annual Financial Report Update Document
Regulatory Basis

December 31, 2013 and 2012

(CD) SPECIAL GRANT

Balance Sheet

Code Description	2012	EdpCode	2013
Liabilities And Fund Equity			
Accounts Payable	\$ 51,581	CD600	\$ 69,494
Total Accounts Payable	51,581		69,494
Accrued Liabilities	9,147	CD601	7,250
Total Accrued Liabilities	9,147		7,250
Due To Other Funds	100	CD630	100
Total Due To Other Funds	100		100
Due To Other Governments	11	CD631	6
Total Due To Other Governments	11		6
Deferred Revenues	64,030	CD691	64,030
Total Deferred Revenues	64,030		64,030
Total Liabilities	124,869		140,880
Assigned Fund Balance - Unappropriated	67,840	CD915	60,851
Total Assigned Fund Balance - Unappropriated	67,840		60,851
Total Fund Equity	67,840		60,851
Total Liabilities And Fund Equity	\$ 192,709		\$ 201,731

See Independent Auditor's Report and Notes

COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF GLOVERSVILLE, NEW YORK)

Annual Financial Report Update Document
Regulatory Basis

Years Ended December 31, 2013 and 2012

(CD) SPECIAL GRANT

Results Of Operations

Code Description	2012	EdpCode	2013
Detail Revenues And Other Sources			
Community Development Income	\$ 2,068	CD2170	\$ -
Total Departmental Income	2,068		-
Interest And Earnings	587	CD2401	2
Total Use Of Money And Property	587		2
Unclassified (Specify)-Program Income	-	CD2770	9,325
Total Miscellaneous Local Sources	-		9,325
Federal Aid - Other	348,907	CD4089	241,978
Total Federal Aid	348,907		241,978
Total Revenues	351,562		251,305
Total Detail Revenues And Other Sources	\$ 351,562		\$ 251,305

See Independent Auditor's Report and Notes

COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF GLOVERSVILLE, NEW YORK)

Annual Financial Report Update Document
Regulatory Basis

Years Ended December 31, 2013 and 2012

(CD) SPECIAL GRANT

Results of Operation

Code Description	2012	EdpCode	2013
Expenditures			
Rehab Loans & Grant, Pers Serv	\$ -	CD86681	\$ -
Rehab Loans & Grant, Contr Expend	326,371	CD86684	207,773
Rehab Loans & Grant, Empl Bnfts	-	CD86688	-
Rehab Loans & Grant, Business Loan	-	CD86689	-
Total Rehab Loans & Grant	326,371		207,773
Administration, Pers Serv	13,722	CD86861	12,496
Administration, Cont Expend	30,102	CD86864	33,216
Administration, Empl Bnfts	4,877	CD86868	4,809
Total Administration	48,701		50,521
Total Home And Community Services	375,072		258,294
Total Expenditures	375,072		258,294
Total Detail Expenditures And Other Uses	\$ 375,072		\$ 258,294

See Independent Auditor's Report and Notes

COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF GLOVERSVILLE, NEW YORK)

Annual Financial Report Update Document
Regulatory Basis

Years Ended December 31, 2013 and 2012

(CD) SPECIAL GRANT

Changes in Fund Equity

Code Description	2012	EdpCode	2013
ANALYSIS OF CHANGES IN FUND EQUITY			
Fund Equity - Beginning Of Year	\$ 91,350	CD8021	\$ 67,840
Prior Period Adj. - Decrease In Fund Equity	-	CD8015	-
Restated Fund Equity - Beginning Of Year	91,350	CD8022	67,840
ADD - REVENUES AND OTHER SOURCES	351,562		251,305
DEDUCT - EXPENDITURES AND OTHER USES	375,072		258,294
Fund Equity - End Of Year	\$ 67,840	CD8029	\$ 60,851

See Independent Auditor's Report and Notes

COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF GLOVERSVILLE, NEW YORK)

Notes to Regulatory Financial Statements

December 31, 2013 and 2012

Summary of Significant Accounting Policies

The Office of the State Comptroller (OSC) Annual Financial Report Update Document (AFRUD) for the City of Gloversville Community Development Agency has been prepared in conformity with OSC guidelines. The more significant government's accounting policies are described below:

Financial Reporting Entity

The City of Gloversville Community Development Agency (CDA) is a legally separate entity, governed by a board appointed by the City Council. The CDA's sole activity is to administer federal funds passed through New York State received by the City for urban renewal including Community Development Block Grants, Urban Development Action Grants and other community development programs. The CDA is accounted for in the City of Gloversville, New York's Special Grant Fund as a blended component unit.

Basis of Accounting/Measurement Focus

Basis of accounting refers to the timing of when revenues and expenditures are recognized in the accounts and reported in the financial statements, regardless of the measurement focus. Measurement focus is the determination of what is being measured.

The regulatory basis of accounting (which is the modified accrual basis) is followed by the CDA. Grant revenue, where expenditures are the prime factor for determining eligibility, is recognized when the expenditure is made unless the revenues are not received by 60 days after year end. In that case, the amounts are recorded as deferred revenues. Expenditures are recorded when the liability is incurred. Also, the CDA has not adopted GASB 34 and thus does not present government-wide financial statements in accordance with U.S Generally Accepted Accounting Principles.

Adoption of New Accounting Pronouncement

During the year ended December 31, 2012, the CDA adopted the provisions of Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which requires the City to change its fund balance classifications for governmental funds. The new classifications are as follows:

Nonspendable fund balance – Amounts that are not in a spendable form such as inventory, prepaid expenses or long-term portion of loans receivable.

Restricted fund balance – Amounts subject to a constraint imposed by providers such as creditors, grantors, contributors or higher levels of government or through constitutional provisions or enabling legislation.

Committed fund balance – Amounts subject to a purpose imposed by a formal action of the governments highest level of decision-making authority before the end of the fiscal year and that require the same level of formal action to remove the constraint.

Assigned fund balance – Amounts subject to a constraint that represents an intended use established by government's highest level of decision-making authority or by their designated body or official, which is the Common Council.

Unassigned fund balance – Amounts available for any purpose, which are only found in the general fund or as a deficit balance in any other fund.

COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF GLOVERSVILLE, NEW YORK)

Notes to Regulatory Financial Statements

December 31, 2013 and 2012

Summary of Significant Accounting Policies – Continued

Adoption of New Accounting Pronouncement - Continued

Order of use of fund balance:

In determining the order that expenditures will be applied to the various classifications of fund balance, it is the CDA's policy to first determine the total fund balance that is nonspendable and to then determine the amount of restricted fund balance. Any remaining fund balance is first committed and/or assigned to a specific purpose. In addition, any deficit fund balance in any other fund is considered to be unassigned.

The fund equity at December 31, 2013 and 2012 in the amounts of \$60,851 and \$67,840, respectively, are assigned.

Future Impacts of Accounting Pronouncements

The Agency has not completed the process of evaluating the impact that will result from adopting ; GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees and GASB Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. These pronouncements were not effective as of December 31, 2013. The Agency is, therefore, unable to disclose the impact that adopting these pronouncements will have on the financial position and results of operations in the future.

General Budget Policies

The CDA operates within the constraint of grant budgets.

Estimates

The preparation of the AFRUD requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from these estimates.

Risk Management

The CDA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The CDA has assumed the risk for the losses.

Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

Cash Deposits and Investments

The CDA's investment policies are governed by the statutes of the State. Agency monies must be deposited in FDIC insured commercial banks or trust companies located within the state.

Bank balances of the CDA's deposits totaled \$39,824 and \$74,717 as of December 31, 2013 and 2012, respectively. The balances are covered in full by Federal Deposit Insurance Corporation (FDIC) insurance.

Rehabilitation Loans Receivable

The Community Development Agency is a recipient of several community development block grants to operate a revolving loan fund. These funds are to be loaned to industry for the purpose of creating and retaining permanent jobs within the City. The loans require periodic payments of principal and interest and each loan may be collateralized by machinery and/or equipment.

COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF GLOVERSVILLE, NEW YORK)

Notes to Regulatory Financial Statements

December 31, 2013 and 2012

Summary of Significant Accounting Policies – Continued

State and Federal Aid Receivables

The CDA is reimbursed for amounts expended under community development grants. The balance of expenditures incurred not yet received under the grants was \$100,674 and \$61,927 as of December 31, 2013 and 2012, respectively.

Interfund Receivables and Payables:

Balances receivable and payable were as follows:

	<u>2013</u>	<u>2012</u>
Due to General Fund	<u>\$ 100</u>	<u>\$ 100</u>

Due to Other Governments

The revolving loan cash balances are required to be held in an interest bearing account. Interest received on the account is considered interest earned on grant advances and must be remitted to HUD. The balance payable to HUD was \$6 and \$11 as of December 31, 2013 and 2012, respectively.

Deferred Revenues

CDA had deferred revenue recorded in the amount of \$64,030 and \$64,030 as of December 31, 2013 and 2012 related to note receivables and federal grant receivable balances that had not been received by February 24, 2014.

Commitments and Contingencies

The CDA has received several state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based upon prior experience, CDA management believes such disallowances, if any, would not be material.

Subsequent Events

The CDA has evaluated all events through February 24, 2014, the date which these financial statements were available to be issued, and determined that there are no subsequent events which require disclosure, except as noted below.

On January 2, 2014 the CDA received notice that the bankruptcy filing for Exclusive Media was accepted by the Northern District Court of Mississippi. As of December 31, 2013 Exclusive Media's Rehabilitation Loan balance was \$20,200. In January 2014 the CDA received the first payment from the Northern District Court of Mississippi in the amount of \$2,897. Management is under the belief that due to the CDA's secured lien for the loan the CDA will be paid in full.

COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF GLOVERSVILLE, NEW YORK)

Schedule of Expenditures of Federal Awards
(Schedule 1)

Year Ended December 31, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-through Number	Federal Disbursements/ Expenditures	Total By Federal Agency
U.S. Dept. of HUD:				
Passed-Through New York State				
Housing and Community Renewal:				
Community Development Block Grant/ State's Program	14.228	462HR6-11	\$ 129,597	
	14.228	462HR94-12	<u>75,358</u>	204,955
Home Investment Partnerships Program	14.239	20123125		<u>37,023</u>
Total				<u>\$ 241,978</u>

See Independent Auditor's Report and Notes

COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF GLOVERSVILLE, NEW YORK)

Notes to Schedule of Expenditures of Federal Awards

Year Ended December 31, 2013

General

The accompanying schedule of expenditures of federal awards presents the activity of all Federal financial assistance programs of the Community Development Agency (a component unit of the City of Gloversville, New York). The Community Development Agency's reporting entity is defined in the notes to the general purpose financial statements. All Federal financial assistance received directly from Federal agencies, as well as Federal financial assistance passed through other government agencies, are included on the schedule.

Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in the notes to the Community Development Agency's basic financial statements.

Sub-Recipients

There were no sub-recipients of these grants.



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

To The Mayor and Common Council
Community Development Agency
City of Gloversville, 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 regulatory financial statements of the Community Development Agency (a component unit of the City of Gloversville, New York), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements which collectively comprise the Community Development Agency's (a component unit of the City of Gloversville, New York) basic financial statements and have issued our report thereon dated February 24, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the regulatory financial statements, we considered the Community 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 opinions on the regulatory financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Community 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Community Development Agency's regulatory 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Whittemore, Downen & Ricciardelli, LLP

Whittemore, Downen & Ricciardelli, LLP
Queensbury, New York

February 24, 2014

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

To The Mayor and Common Council
Community Development Agency
City of Gloversville, New York

Report on Compliance for Each Major Federal Program

We have audited the Community Development Agency's (a component unit of the City of Gloversville, New York) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended December 31, 2013. Community Development Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Community Development Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Community Development Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Community Development Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, Community Development Agency complied, in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of the Community Development Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Community Development Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Community Development Agency's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Whittemore, Downen & Ricciardelli, LLP

Whittemore, Downen & Ricciardelli, LLP
Queensbury, New York

February 24, 2014

COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF GLOVERSVILLE, NEW YORK)

Schedule of Findings and Questioned Costs
(Schedule 2)

December 31, 2013

Section 1 – Summary of Auditor’s Results

I. Financial Statements

- A. Type of auditor’s report issued:
1. A unqualified opinion has been issued on the regulatory financial statements.
- B. Internal Control over financial reporting:
1. Material weakness identified? Yes No
2. Significant deficiencies identified not considered to be material weaknesses? Yes None reported
3. Noncompliance material to financial statements noted? Yes No

II. Federal Awards

- A. Internal control over major programs:
1. Material weaknesses identified? Yes None reported
2. Significant deficiencies identified not considered to be material weaknesses? Yes No
- B. Types of auditor’s report issued on compliance or major programs:
1. Unqualified
- C. Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (Section .510(a))? Yes No

D. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
14.228	Community Development Block Grants Entitlement Grants

E. The dollar threshold used to distinguish Type A and Type B programs is \$300,000.

F. The auditee does not qualify as a low-risk auditee.

Section II – Financial Statement Findings

None

Section III – Federal Awards Findings

None

COMMUNITY DEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE CITY OF GLOVERSVILLE, NEW YORK)

Schedule of Status of Findings and Questioned Costs From 2012 Report
(Schedule 3)

None