

**CONCORD INDUSTRIAL
DEVELOPMENT AGENCY**

*Basic Financial Statements, Required Supplementary
Information, Supplementary Information and Other
Information for the Years Ended December 31, 2014
and 2013 and Independent Auditors' Reports*

CONCORD INDUSTRIAL DEVELOPMENT AGENCY
Table of Contents
Years Ended December 31, 2014 and 2013

	<u>Page</u>
Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Statements of Net Position	6
Statements of Activities	7
Statements of Cash Flows	8
Notes to the Financial Statements	9
Supplementary Information For the Year Ended December 31, 2014:	
Schedule of Agency Investments	12
Other Information For the Year Ended December 31, 2014:	
Real Property Listing.....	13
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of the Concord
Industrial Development Agency:

Report on the Financial Statements

We have audited the accompanying financial statements of the Concord Industrial Development Agency (the "Agency"), as of and for the years ended December 31, 2014 and 2013, 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

The Agency's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency, as of December 31, 2014 and 2013, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 5 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 audits 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 Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The Schedule of Agency Investments and the Real Property Listing, as required under New York State Public Authority Law, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Agency Investments is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Agency Investments is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Real Property Listing has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2015 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Agency's internal control over financial reporting and compliance.



February 20, 2015

CONCORD INDUSTRIAL DEVELOPMENT AGENCY
Management's Discussion and Analysis
December 31, 2014 and 2013

As management of the Concord Industrial Development Agency (the "Agency") we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the years ended December 31, 2014 and 2013. This narrative should be read in conjunction with the Agency's financial statements which follow this narrative.

Financial Highlights

- The assets of the Agency exceeded its liabilities at December 31, 2014 and 2013 by \$29,797 and \$40,379, respectively. These amounts are termed *unrestricted net position* and may be used to fund the Agency's ongoing operations.
- The Agency's net position decreased by \$10,582 and \$10,096 during the fiscal years ended December 31, 2014 and 2013, respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise of two components: the Agency's financial statements and notes to those financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Basic financial statements—The financial statements are prepared using the accrual basis of accounting. The financial statements include:

The *statements of net position* present information on all of the Agency's assets, liabilities, and deferred outflows/inflows of resources, with the differences reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *statements of activities* present information showing how the Agency's net position changed during the most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

The *statements of cash flows* present the cash provided and used during 2014 and 2013 and how it affects the cash balances at December 31, 2014 and 2013.

Notes to the Financial Statements—The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Analysis

The Agency provides administrative assistance to companies within the Town of Concord and has limited operations. The Agency does not have any capital assets, long-term debt or full time employees. When analyzing the financial condition and the impact of current year operating activities, Agency management believes the most important issue is whether the Agency has improved or deteriorated from the prior year. The *statement of net position* and the *statement of activities* can assist in determining whether the Agency's financial position has improved or deteriorated from the prior year. The *statement of cash flows* provides information about the cash receipts, cash payments, and net change in cash resulting from the operating,

investing and capital financing activities of the Agency during the year. This statement helps users assess the Agency's ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external financing. Condensed financial highlights of these statements follow.

Table 1—Condensed Statements of Net Position

	December 31,		
	2014	2013	2012
Assets:			
Current assets	\$ 29,797	\$ 40,379	\$ 50,475
Net Position:			
Unrestricted	<u>\$ 29,797</u>	<u>\$ 40,379</u>	<u>\$ 50,475</u>

The Agency's current assets are comprised entirely of cash and cash equivalents. These assets have decreased in 2014 and 2013 over the previous years as a result of operating activities.

The Agency reported no liabilities at December 31, 2014 or December 31, 2013.

The Agency's net position at December 31, 2014 and 2013 was primarily derived as a result of operating activities and there are no restrictions as to its use.

Agency activities—Agency activities decreased net position by \$10,582 and \$10,096 during the years ended 2014 and 2013, respectively, and increased by \$10,899 during the year ended December 31, 2012. Key elements of this change are presented in Table 2:

Table 2—Condensed Statements of Changes in Net Position

	Year Ended December 31,		
	2014	2013	2012
Operating revenues	\$ -	\$ 174	\$ 18,551
Operating expenses	<u>10,660</u>	<u>10,356</u>	<u>7,705</u>
Net operating income (loss)	(10,660)	(10,182)	10,846
Nonoperating revenues	<u>78</u>	<u>86</u>	<u>53</u>
Change in net position	(10,582)	(10,096)	10,899
Net position—beginning	<u>40,379</u>	<u>50,475</u>	<u>39,576</u>
Net position—ending	<u>\$ 29,797</u>	<u>\$ 40,379</u>	<u>\$ 50,475</u>

Operating revenues represent administrative fees and charges resulting from the closing of transactions that assist Town of Concord businesses. This assistance can take the form of lease transactions, assistance with bond issuances, mortgage recording tax abatement, or sales tax exemptions, which generally allow such businesses to expand. In comparison to 2012, the Agency assisted in fewer transactions and as a result, they received fewer fees for the year ended December 31, 2013. Operating revenues decreased to \$0 for the year ended December 31, 2014.

The Agency's expenses consist of consulting and other administrative costs related to general operations.

Cash flows—Agency cash and cash equivalents decreased by \$10,582 and \$10,096 in the years ended December 31, 2014 and 2013, respectively, and increased by \$10,899 for the year ended December 31, 2012. Key elements of these changes are shown in Table 3, below:

Table 3—Cash flows

	For the Year Ended December 31,		
	2014	2013	2012
Cash flows from:			
Operating activities	\$ (10,660)	\$ (10,182)	\$ 10,846
Investing activities	78	86	53
Net (decrease) increase	(10,582)	(10,096)	10,899
Cash and cash equivalents - beginning	40,379	50,475	39,576
Cash and cash equivalents - ending	<u>\$ 29,797</u>	<u>\$ 40,379</u>	<u>\$ 50,475</u>

The increases and decreases in cash and cash equivalents reflect the results of operating activities.

Capital Assets and Debt

The Agency does not own any capital assets, nor has it issued any debt instruments.

Economic Factors

Due to the fluctuation in the number of new projects, the Agency’s financial condition has declined during the years ended December 31, 2014 and 2013.

Requests for Information

Questions regarding this report or requests for additional information should be directed to the Concord Industrial Development Agency, 86 Franklin Street, Springville, New York 14141.

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CONCORD INDUSTRIAL DEVELOPMENT AGENCY
Statements of Net Position
December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 29,797	\$ 40,379
Total assets	<u>29,797</u>	<u>40,379</u>
 NET POSITION		
Unrestricted	<u>\$ 29,797</u>	<u>\$ 40,379</u>

The notes to the financial statements are an integral part of these statements.

CONCORD INDUSTRIAL DEVELOPMENT AGENCY
Statements of Activities
For the Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating revenues:		
Administrative fees	\$ -	\$ 174
Total operating revenues	<u>-</u>	<u>174</u>
Operating expenses:		
Website maintenance	1,360	1,306
Clerk fees	500	500
Accounting fees	4,000	4,000
Consulting fees and miscellaneous	<u>4,800</u>	<u>4,550</u>
Total operating expenses	<u>10,660</u>	<u>10,356</u>
Operating loss	(10,660)	(10,182)
Nonoperating revenue:		
Interest earnings	<u>78</u>	<u>86</u>
Change in net position	(10,582)	(10,096)
Net position—beginning	<u>40,379</u>	<u>50,475</u>
Net position—ending	<u>\$ 29,797</u>	<u>\$ 40,379</u>

The notes to the financial statements are an integral part of these statements.

CONCORD INDUSTRIAL DEVELOPMENT AGENCY
Statements of Cash Flows
For the Years Ended December 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received for services provided	\$ -	\$ 174
Payments made for operating costs	<u>(10,660)</u>	<u>(10,356)</u>
Net cash used for operating activities	<u>(10,660)</u>	<u>(10,182)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned	<u>78</u>	<u>86</u>
Net cash provided by investing activities	<u>78</u>	<u>86</u>
Net change in cash and cash equivalents	(10,582)	(10,096)
Cash and cash equivalents—beginning	<u>40,379</u>	<u>50,475</u>
Cash and cash equivalents—ending	<u>\$ 29,797</u>	<u>\$ 40,379</u>
Reconciliation of operating loss to net cash used for operating activities:		
Operating loss	<u>\$ (10,660)</u>	<u>\$ (10,182)</u>
Net cash used for operating activities	<u>\$ (10,660)</u>	<u>\$ (10,182)</u>

The notes to the financial statements are an integral part of these statements.

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CONCORD INDUSTRIAL DEVELOPMENT AGENCY
Notes to the Financial Statements
For the Years Ended December 31, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Concord Industrial Development Agency (the “Agency”) is a public benefit corporation and was created in 1980 by the Concord Town Board and the New York State Legislature under Title I Article 18-A of New York State General Municipal Law for the purpose of encouraging financially sound companies to locate and expand in the Town of Concord, New York (the “Town”).

Reporting Entity

The Agency is not considered a component unit of the Town. The Town has no authority to approve the Agency’s budget nor does it have any responsibility for the debt, financing deficits or fiscal management of the Agency.

Basis of Presentation

The financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America. Significant accounting policies are listed below.

Basis of Accounting

The accounts of the Agency are maintained on the accrual basis of accounting.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

Cash, Cash Equivalents and Investments—Cash, cash equivalents and investments consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash and have a maturity date within 90 days or less from the date of acquisition. The Agency had no investments as of December 31, 2014 and 2013; however, when the Agency does have investments they are recorded at fair value based on quoted market value.

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense) until then. At December 31, 2014 and 2013, the Agency does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At December 31, 2014 and 2013, the Agency does not have any items that qualify for reporting in this category.

Revenues and Expenses

Industrial Development Revenue Bond and Note Transactions—Industrial development revenue bonds and notes issued by the Agency are secured by the properties which are leased to companies and are retired by lease payments. The bonds and notes are not obligations of the Agency, the Town or the State of New York. The Agency does not record the assets or liabilities resulting from completed bond and note issues in its accounts, since its primary function is to arrange the financing between the borrowing companies and the bond and note holders. The funds arising there from are controlled by trustees or banks acting as fiscal agents. The Agency receives bond administrative fees from the borrowing companies for providing the service. Such administrative fee income is recognized immediately upon issuance of the bonds and notes.

Lease Transactions—The Agency has established a lease program to provide state and local tax benefits to companies developing industrial properties. Under this program, the Agency receives title to properties under development and leases the property to the previous titleholder (lessee). The Agency generally contracts for payment-in-lieu-of-tax agreements between lessees and participating municipalities. All risks associated with property ownership and business activities on such property remain with the lessee. Title to those properties is transferred back to the lessee at the end of the maximum tax benefit period or at any time during the lease period at the option of the lessee. The Agency does not record assets acquired under the lease program since the Agency's primary function is to provide state and local tax benefits to the lessee. The Agency receives lease administrative fees from the lessee for providing this service. Such administrative fee income is recognized at lease inception or ratably over the term of the lease depending on the agreement terms between the lessee and the Agency.

Tax Status—The Agency is exempt from Federal income taxes and New York State franchise taxes.

Other

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 revenues and expenses during the reporting period and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended December 31, 2014, the Agency implemented GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of GASB Statement No. 67 is to improve financial reporting by state and local governmental pension plans. This Statement replaces GASB Statement No. 25 and Statement No. 50. The objective of GASB Statement No. 69 is to standardize accounting and financial reporting related to government combinations and disposals of government operations. The objective of GASB Statement No. 70 is to improve financial reporting by state and local governments that extend and receive nonexchange financial guarantees. GASB Statement Nos. 67, 69, and 70 did not have a material impact on the Agency's financial position or results from operations.

Future Impacts of Accounting Pronouncements—The Agency has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*; No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—and amendment of GASB*

Statement No. 68, effective for the year ending December 31, 2015; and No. 72, *Fair Value Measurement and Application*, effective for the year ending December 31, 2016. The Agency is, therefore, unable to disclose the impact that adopting GASB Statement Nos. 68, 71 and 72 will have on its financial position and results of operations.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The Agency's investment policies are governed by New York State statutes. There were no investments at December 31, 2014 or 2013. All deposits are carried at fair value. Collateral is required for demand deposits and certificates of deposits for all deposits not covered by federal deposit insurance. 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 school districts.

Deposits—All deposits are carried at fair value and are classified by custodial credit risk at December 31, 2014 and 2013 as follows:

	<u>December 31, 2014</u>		<u>December 31, 2013</u>	
	Bank Balance	Carrying Amount	Bank Balance	Carrying Amount
Insured (FDIC)	<u>\$ 29,932</u>	<u>\$ 29,797</u>	<u>\$ 40,764</u>	<u>\$ 40,379</u>
Total deposits	<u>\$ 29,932</u>	<u>\$ 29,797</u>	<u>\$ 40,764</u>	<u>\$ 40,379</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. As of December 31, 2014 and 2013, all Agency deposits were FDIC insured.

3. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 20, 2015, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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SUPPLEMENTARY INFORMATION

Presented as supplemental information is certain information as required to be reported under New York State Public Authority Law.

CONCORD INDUSTRIAL DEVELOPMENT AGENCY
Schedule of Agency Investments
Year Ended December 31, 2014

Annual Investment Report - §2925(6) of Public Authorities Law of the State of New York requires that each public authority must annually prepare an investment report which shall include (a) investment guidelines, (b) amendments to such guidelines since the last investment report, (c) an explanation of the investment guidelines and amendments, (d) results of the annual independent audit, (e) the investment income record of the Agency, and (f) a list of the total fees, commissions or other charges paid to each investment banker, broker, dealer and adviser rendering investment associated services to the Agency since the last investment report.

- a. Investment guidelines – the Agency’s investment policy was adopted by the Board of Directors.
- b. Amendments to guidelines – none
- c. Explanation of guidelines and investments – the Agency has not made any amendments to its investment policy, which restricts investments to money market accounts and certificates of deposit.
- d. Results of the annual independent audit – the independent auditors have issued an unmodified opinion on the Agency’s financial statements for the year ended December 31, 2014.
- e. Investment income record – investment income for the year ended December 31, 2014 consisted of:

	Interest Earned
Cattaraugus County Bank	\$ 78
	<u>\$ 78</u>

- f. List of the total fees, commissions or other charges paid to each investment banker, broker, dealer and adviser rendering investment associated services to the Agency since the last investment report – no such fees or commissions were paid during the year ended December 31, 2014.

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OTHER INFORMATION

CONCORD INDUSTRIAL DEVELOPMENT AGENCY
Real Property Listing
Year Ended December 31, 2014

1. **Real Property List** - §2896(3) of Public Authorities Law of the State of New York requires that each public authority must publish, at least annually, a report listing all real property of the authority. At December 31, 2014, the Agency reported no real property.

<u>Date</u> <u>Acquired</u>	<u>Section/Block/Lot</u> <u>Identification</u>	<u>Property Location and Description</u>	<u>Recorded</u> <u>Value</u>
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The agency owned no real property at December 31, 2014.

2. **Real Property Acquisitions/Dispositions** – during the year ended December 31, 2014, the Agency neither acquired nor disposed of any real property.

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Certified Public Accountants

**INDEPENDENT AUDITORS' 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**

To the Members of the Concord
Industrial Development Agency:

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 Concord Industrial Development Agency (the "Agency") as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated February 20, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws,

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.

A handwritten signature in black ink that reads "Dreschel & Malecki LLP". The signature is written in a cursive, flowing style.

February 20, 2015