

Concord Industrial Development Agency

Report to the Board of Directors

December 31, 2017



March 28, 2018

To the Board of Directors
Concord Industrial Development Agency
86 Franklin Street
P.O. Box 368
Springville, NY 14141

To the Board of Directors:

We are pleased to present this report related to our audit of the basic financial statements for the Concord Industrial Development Agency (the Agency) for the year ended December 31, 2017. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Agency's financial reporting process. Also included is a summary of recently issued accounting standards that may affect future financial reporting by the Agency.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to be of service to the Concord Industrial Development Agency.

Very truly yours,

Freed Maxick CPAs, P.C.

Freed Maxick CPAs, P.C.

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Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities with Regard to the Financial Statement Audit	Our responsibility under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> , issued by the Comptroller General of the United States, has been described to you in our arrangement letter dated March 13, 2018. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
Accounting Policies and Practices	Preferability of Accounting Policies and Practices Under generally accepted principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice. Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Agency. The Agency did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period. Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. Management's Judgments and Accounting Estimates We noted no significant accounting estimates during our audit.

Basis of Accounting	The financial statements were prepared on assumption that the Agency will continue as a going concern.
Audit Adjustments	Audit adjustments proposed by us and recorded by the Agency are shown on the attached "Summary of Recorded Audit Adjustments."
Uncorrected Misstatements	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
Disagreements with Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed with Management	A significant issue arising from the audit that was discussed with management was management's plans to alleviate substantial doubt about the Agency's ability to continue as a going concern.
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Letter Communicating a Control Deficiency	We have separately communicated a control deficiency identified during our audit of the financial statements which is attached as Exhibit A.
Significant Written Communication Between Management and Our Firm	Copies of material written communication between our firm and the management of the Agency, including the representation letters provided to us by management, is attached as Exhibit B.

Concord Industrial Development Agency

Year End: December 31, 2017

Summary of Recorded Audit Adjustments

Date: 1/1/2017 To 12/31/2017

Account No	Name	Debit	Credit
2200 ENT01	Due to other governments		2,132
1320.41 ENT01	Accounting/Audit Fees	2,132	
To record audit fees paid for by the Town of Concord.			
		2,132	2,132

Exhibit A – Letter Communicating a Control Deficiency

Communication of a Control Deficiency

To the Board of Directors
Concord Industrial Development Agency
Springville, New York 14141

In planning and performing our audit of the financial statements of Concord Industrial Development Agency (the Agency) as of and for the year ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing our 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 deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

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 Agency'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.

The following is a description of an identified deficiency an internal control that we determined did not constitute a significant deficiency or material weakness.

CONTROL DEFICIENCY - NONCOMPLIANCE

2017-001 – Compliance with Public Authority Law - Investment Policy and Budget Report

Observation

Pursuant to New York State Public Authority Law (PAL) Section 2925, "Investments of Funds by Public Authorities and Public Benefit Corporation," the Agency's investment guidelines shall be reviewed and approved by the Agency on an annual basis. In addition, pursuant to Section 2801 of PAL, the Agency must file a budget report sixty (60) days prior to the start of the fiscal year.

We noted that the Agency adopted their investment policy on January 24, 2007, however, it was noted that the Agency did not review and approve the investment policy during the fiscal year ended December 31, 2017, as required. Also, it was noted that the Agency did not file their budget report with the New York State Authorities Budget Office at least 60 days prior to the start of the fiscal year 2018.

Recommendation

We recommend that the Agency review the requirements pursuant to PAL Section 2925 and 2801 to ensure they meet the compliance requirements.

Management response:

Management will implement procedures and control processes to ensure they meet PAL requirements.

This communication is intended solely for the information and use of management and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

Freed Maxick CPAs, P.C.

Batavia, New York
March 28, 2018

Exhibit B – Certain Written Communication Between Management and Our Firm

CONCORD INDUSTRIAL DEVELOPMENT AGENCY
86 FRANKLIN STREET
P.O. BOX 368
SPRINGVILLE, NEW YORK 14141

March 28, 2018

Freed Maxick CPAs, .PC.
One Evans Street.
Batavia, New York 14020

This representation letter is provided in connection with your audit of the basic financial statements of the Concord Industrial Development Agency (the Agency) as of and for the year ended December 31, 2017 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of the date of the auditor's report:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated March 13, 2018, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related party transactions, including those with the Town of Concord, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

8. The following have been properly recorded and/or disclosed in the financial statements:
 - a. Net positions.
 - b. Deposits and investment securities category of custodial credit risk.
 - c. All significant estimates and material concentrations known to management which are required to be disclosed.
 - d. The effect on the financial statements of Governmental Accounting Standards Board Pronouncements, which have been issued, but which we have not yet adopted.
9. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private that is not disclosed in the financial statement.
10. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
11. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

12. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the Agency from whom you determined it necessary to obtain audit evidence; and
 - d. Minutes of the meetings of the governing board and committees of board members, or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
15. We have no knowledge of allegations of fraud or suspected fraud, affecting the Agency's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Agency's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
17. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
18. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements; and we have not consulted legal counsel concerning litigation or claims.

19. We have disclosed to you the identity of the Agency's related parties and all the related-party relationships and transactions of which we are aware.
20. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect Agency's ability to record, process, summarize, and report financial data.
21. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
22. We have provided you with management's plans that alleviated substantial doubt about the Agency's ability to continue as a going concern.
23. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Required Supplementary Information

24. With respect to the management's discussion and analysis presented as required by Governmental Accounting Standards Board to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. There are no underlying significant assumptions or interpretations regarding the measurement or presentation of such information.

Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

1. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
2. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Agency.
3. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
4. Has identified and disclosed to the auditor there are no instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
5. Has identified and disclosed to the auditor there are no instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.
6. Is 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 fraud or error.

7. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
8. Has a process to track the status of audit findings and recommendations.
9. Has identified for the auditor previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
10. Has provided views on the auditor's reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.
11. Acknowledges its responsibilities as it relates to nonaudit services performed by the auditor, and assumes all management responsibilities. Gary Eppolito, Chairman, who possesses suitable skill, knowledge, or experience; has evaluated the adequacy and results of the services performed; and accepts responsibility for the results of the services.

Concord Industrial Development Agency

Gary A. Eppolito

Signature

Chairman

Title

**CONCORD INDUSTRIAL DEVELOPMENT AGENCY
86 FRANKLIN STREET
P.O. BOX 368
SPRINGVILLE, NEW YORK 14141**

March 28, 2018

Freed Maxick CPAs, P.C.
One Evans Street
Batavia, New York 14020

In connection with your examination of Concord Industrial Development Agency's (the Agency) compliance with the New York State Comptroller's Investment Guidelines for Public Authorities and Section 2925 of the New York State Public Authorities Law (collectively, the "Investment Guidelines") during the period of January 1, 2017 through December 31, 2017, in accordance with attestation standards established by the American Institute of Certified Public Accountants, we confirm, to the best of our knowledge and belief, the following representations made to you during the course of your engagement:

1. We are responsible for the fair presentation of the Investment Guidelines.
2. We are responsible for establishing and maintaining effective internal control over the Agency's compliance with the Investment Guidelines.
3. We have performed an evaluation of the Agency's compliance with the Investment Guidelines. Based on our evaluation, the Agency has complied with the Investment Guidelines during the period of January 1, 2017 through December 31, 2017 based on the criteria referred to under New York State Comptroller's Investment Guidelines for Public Authorities and Section 2925 of the New York State Public Authorities Law except for the required annual review and approval of the investment guidelines.
4. We have disclosed to you all known noncompliance with the Investment Guidelines during the period of January 1, 2017 through December 31, 2017 or through the date of this letter.
5. There are no known communications from regulatory agencies, internal auditors, or other practitioners concerning the Agency's possible noncompliance with the Investment Guidelines received by us during the period of January 1, 2017 through year ended December 31, 2017.
6. We have made available to you all documentation related to the Agency's compliance with the Investment Guidelines.
7. There has been no knowledge of fraud or suspected fraud affecting the entity involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where fraud could have a material effect on the Agency's compliance with the Investment Guidelines.
8. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.
9. We have no knowledge of any allegations of fraud or suspected fraud affecting the Agency received in communications from employees, former employees, analysts, regulators, short sellers, or others.
10. We have responded fully to all inquiries made to us by you during your engagement.

11. During the course of your engagement you may have accumulated records containing data which should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Concord Industrial Development Agency

 Jay A. Esposito
Signature

 Chairman
Title