

**AUDITED
BASIC FINANCIAL STATEMENTS**

**CONCORD INDUSTRIAL DEVELOPMENT
AGENCY**

DECEMBER 31, 2017

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CONCORD INDUSTRIAL DEVELOPMENT AGENCY

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL SECTION</u>	
Independent Auditor’s Report	1-2
Management’s Discussion and Analysis	3-5
Basic Financial Statements:	
Statement of Net Position.....	6
Statement of Revenues, Expenses and Changes in Net Position.....	7
Statement of Cash Flows	8
Notes to Financial Statements	9-13

INTERNAL CONTROL AND COMPLIANCE

Independent Auditor’s 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>.....	14-15
Schedule of Findings and Responses	16

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FINANCIAL SECTION

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Independent Auditor's Report

To the Board of Directors 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 year ended December 31, 2017, 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 Agency'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 Agency'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of December 31, 2017, and the respective changes in financial position and its cash flows, for the year then ended in conformity 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 3-5 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2018 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 solely 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 effectiveness of the Agency's 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.

Freed Maxick CPAs, P.C.

Batavia, New York
March 28, 2018

CONCORD INDUSTRIAL DEVELOPMENT AGENCY

Managements' Discussion and Analysis

December 31, 2017

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, 2017 and 2016. 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, 2017 and 2016 by \$2,748 and \$8,658, 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 \$5,910 and \$9,957 during the fiscal years ended December 31, 2017 and 2016, 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 *statement of net position* presents 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 decreased in net position may serve as a useful indicator of whether the financial position of the agency is improving or deteriorating.

The *statement of revenues, expenses and changes in net position* presents 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 *statement of cash flows* presents the cash provided and used during 2017 and 2016 and how it affects the cash balances at December 31, 2017 and 2016.

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

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 revenues, expenses and changes in net position* 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 Statement of Net Position

	December 31,		
	2017	2016	2015
Assets:			
Current assets	\$ <u>4,880</u>	\$ <u>8,658</u>	\$ <u>18,615</u>
Liabilities:			
Current liabilities	<u>2,132</u>	-	-
Net Position:			
Unrestricted	\$ <u><u>2,748</u></u>	\$ <u><u>8,658</u></u>	\$ <u><u>18,615</u></u>

The Agency's current assets are comprised entirely of cash and cash equivalents. These assets have decreased in 2017 and 2016 over the previous years as a result of operating activities.

The Agency reported no liabilities at December 31, 2017 or December 31, 2016.

The Agency's net position at December 31, 2017 and 2016 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 \$5,910, \$9,957 and \$11,182 during the years ended 2017, 2016 and 2015, respectively. Key elements of these changes are presented in Table 2 below:

Table 2 – Condensed Statements of Changes in Net Position

	December 31,		
	2017	2016	2015
Operating revenues	\$ 500	\$ -	\$ -
Operating expenses	<u>6,424</u>	<u>9,984</u>	<u>11,234</u>
Net operating loss	(5,924)	(9,984)	(11,234)
Nonoperating revenues	<u>14</u>	<u>27</u>	<u>52</u>
Change in net position	(5,910)	(9,957)	(11,182)
Net position – beginning	<u>8,658</u>	<u>18,615</u>	<u>29,797</u>
Net position – ending	\$ <u><u>2,748</u></u>	\$ <u><u>8,658</u></u>	\$ <u><u>18,615</u></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. The Agency had one transaction and as a result, they received \$500 in fees for the year ended December 31, 2017. There were no fees received in 2016 or 2015.

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

Cash flows – Agency cash and cash equivalents decreased by \$3,778, \$9,957 and \$11,182 in the years ended December 31, 2017, 2016 and 2015, respectively. Key elements of these changes are shown in Table 3, below:

Table 3 – Cash flows

	December 31,		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
Cash flows from:			
Operating activities	\$ (3,792)	\$ (9,984)	\$ (11,234)
Investing activities	<u>14</u>	<u>27</u>	<u>52</u>
Net decrease	(3,778)	(9,957)	(11,182)
Cash and cash equivalents - beginning	<u>8,658</u>	<u>18,615</u>	<u>29,797</u>
Cash and cash equivalents - ending	<u>\$ 4,880</u>	<u>\$ 8,658</u>	<u>\$ 18,615</u>

The 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, 2017, 2016 and 2015.

Requests for Information

Questions regarding this report or requests for addition 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
STATEMENT OF NET POSITION
DECEMBER 31, 2017

CURRENT ASSETS

Cash and cash equivalents \$ 4,880

Total assets 4,880

CURRENT LIABILITIES

Due to other governments 2,132

Total liabilities 2,132

NET POSITION

Unrestricted \$ 2,748

See accompanying notes.

**CONCORD INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017**

OPERATING REVENUES

Application fee	\$	500
Total operating revenues		<u>500</u>

OPERATING EXPENSES

Auditing fees		2,132
Consulting fees		3,150
Miscellaneous fees		38
Website maintenance		<u>1,104</u>
Total operating expenses		<u>6,424</u>

Operating loss		(5,924)
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NONOPERATING REVENUES

Interest earnings		<u>14</u>
Total nonoperating revenues		<u>14</u>

Change in net position		(5,910)
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Net position - beginning of year		<u>8,658</u>
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Net position - end of year	\$	<u><u>2,748</u></u>
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See accompanying notes.

**CONCORD INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash receipts from fees	\$	500
Payments to service providers and suppliers		<u>(4,292)</u>
Net cash used by operating activities		<u>(3,792)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned		<u>14</u>
Net cash provided by investing activities		<u>14</u>

Net decrease in cash and cash equivalents (3,778)

Cash and cash equivalents - beginning of the year 8,658

Cash and cash equivalents - end of the year \$ 4,880

**Reconciliation of operating loss to
net cash used by operating activities**

Operating loss	\$	(5,924)
Adjustment to reconcile operating loss to net cash used by operating activities:		
Change in assets and liabilities:		
Due to other governments		<u>2,132</u>
Net cash used by operating activities	\$	<u><u>(3,792)</u></u>

See accompanying notes.

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**CONCORD INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Concord Industrial Development Agency (the Agency) is a public benefit corporation which was established under the mandate of Article 18-A, "New York State Industrial Development Agency Act" of New York State General Municipal Law whose purpose is to encourage financially sound companies to locate and expand in the Town of Concord, New York (the Town).

B. Financial Reporting Entity

The Agency reports related organizations under the guidance of the Governmental Accounting Standards Board. The Standards define the primary government, and redefine and establish the criteria for which potential component units are included in the reporting entity. The Standards also define financial accountability of the primary government as being determined on the basis of fiscal dependency, appointment of a voting majority of a governing board, ability to impose its will or potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government. The Agency is subject to the provisions of the New York State Public Authorities Law. As a local authority under this law, the Agency is required to make certain information available to the public.

The Agency is not considered a component unit of the Town. The Town has no authority to approve or amend the Agency's budget. The Town also does not have any responsibility for the debt, financing deficits, or fiscal management of the Agency.

C. Basis of Presentation

The Agency's basic financial statements consist of three statements that provide information about the Agency's business-type activities. The first statement is the statement of net position which lists all of the Agency's assets and liabilities, with the difference reported as net position. The net position is classified as unrestricted net position. The second statement is the statement of revenues, expenses and changes in net position which details how the Agency's net position changed during the current year based on the reporting of the revenues and expenses recognized by the Agency. The third statement is the statement of cash flows which reports the activities that provide or use the cash and cash equivalents of the Agency.

D. Net Position

Equity is classified as net position and displayed in the following component:

- a. Unrestricted net position - All net position that does not contain any parameters of restrictions on its funds and usage.

E. Measurement Focus and Basis of Accounting

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

F. Income Taxes

The Agency is a Public Benefit Corporation of the State of New York and is exempt from federal income taxes under Section 115 of the Internal Revenue Code. Accordingly, no provision for income taxes has been made on the accompanying financial statements.

G. Cash and Cash Equivalents

The Agency's cash and cash equivalents consists of cash on hand, demand deposits, and money-market/non-demand deposits.

H. Statement of Cash Flows

For the purpose of the statement of cash flows, the Agency considers cash to be all cash and cash equivalents.

I. Use of Estimates in Preparation of Financial Statements

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. This affects the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

J. Accounting Pronouncements

During the fiscal year ended December 31, 2017, the Agency adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68*; Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*; Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*; and Statement No. 81, *Split-Interest Agreements*; and Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, 68 and 73*.

The primary object of Statement No. 73 is to improve the usefulness of information about pensions included in the financial statements that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions.

The primary objective of Statement No. 74 is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

The primary objective of Statement No. 80 is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units.

The primary objective of Statement No. 81 is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

The primary objective of Statement No. 82 is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*.

The Agency has evaluated Statements No. 73, 74, 80, 81, and 82 and have determined that they have no impact on the Agency's operations.

The GASB has issued the following new pronouncements:

- Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits Other than Pensions*, which will be effective for the year ending December 31, 2018;
- Statement No. 83, *Certain Asset Retirement Obligations*, which will be effective for the year ending December 31, 2019;
- Statement No. 84, *Fiduciary Activities*, which will be effective for the year ending December 31, 2019;
- Statement No. 85, *Omnibus*, which will be effective for the year ending December 31, 2018;
- Statement No. 86, *Certain Debt Extinguishment Issues*, which will be effective for the year ending December 31, 2018; and
- Statement No. 87, *Leases*, which will be effective for the year ending December 31, 2020.

The Agency is currently reviewing these statements and plans on adoption, as required.

NOTE 2 - CASH AND INVESTMENTS

The Agency's investment policies are governed by State statutes. In addition, the Agency has its own written investment policy. Agency monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Agency Treasurer is authorized to use interest bearing demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and obligations of the State of New York and its localities.

Collateral is required for demand deposits and certificates of 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.

As of December 31, 2017, the Agency's aggregate bank deposits were considered fully collateralized.

Investment and Deposit Policy

The Agency follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Agency Chairman.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Agency's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The Agency's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The Agency's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Agency's investment and deposit policy, all deposits of the Agency including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 102% of the aggregate amount of deposits. The Agency restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.

NOTE 3 – DUE TO OTHER GOVERNMENTS

Significant expenses accrued by the Agency at December 31, 2017 include the following:

Due to Town of Concord	\$ 2,132
Total due to other governments	<u>\$ 2,132</u>

NOTE 4 - LEASES

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 payments-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. The Agency was not involved in any lease transactions as of December 31, 2017.

NOTE 5 – REVENUE BONDS AND NOTES

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.

NOTE 6 – MANAGEMENT’S PLANS

The Agency’s revenues have been minimal in recent years due to the lack of new projects undertaken and no corresponding decrease in expenses. Management noted however, that an application for a new potential project was submitted to the Agency in the current year and has been included in next year’s budget as a significant revenue stream. Therefore, management believes that based on this activity, this alleviates substantial doubt about the Agency’s ability to continue as a going concern.

NOTE 7 - SUBSEQUENT EVENTS

These financial statements have not been updated for subsequent events occurring after March 28, 2018 which is the date these financial statements were available to be issued.

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INTERNAL CONTROL AND COMPLIANCE

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**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 AUDITOR'S REPORT

To the Board of Directors of the
Concord Industrial Development Agency

We have audited, 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, the financial statements of the Concord Industrial Development Agency (the Agency), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 28, 2018.

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 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 the 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, 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2017-001.

Agency's Response to Findings

The Agency's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Freed Maxick CPAs, P.C.

Batavia, New York
March 28, 2018

CONCORD INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED DECEMBER 31, 2017

NONCOMPLIANCE

We consider the finding presented below to be noncompliance under *Government Auditing Standards*.

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

Criteria: Pursuant to New York State Public Authority Law (PAL) Section 2925, “Investments of Funds by Public Authorities and Public Benefit Corporations,” 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.

Condition: 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.

Cause: The Agency did not have a Board meeting prior to December 2017 and, therefore, did not approve the 2018 budget until that time. Due to the timing of the meeting and the lack of activity by the Agency, the review and approval of the investment policy was overlooked.

Effect: The Agency is considered noncompliant with PAL for the sections noted above.

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

View of responsible officials and planned corrective actions: Management will implement procedures and control processes to ensure they meet PAL requirements.

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INDEPENDENT ACCOUNTANT'S REPORT

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

We have examined the 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. Management is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Agency complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Agency's compliance with specified requirements.

Our examination disclosed the following material noncompliance with the Investment Guidelines applicable to the Agency during the period of January 1, 2017 through December 31, 2017. The investment policy was not reviewed and approved by the Agency during the year ended December 31, 2017, as required.

In our opinion, except for the material noncompliance described in the preceding paragraph, the Agency complied, in all material respects, with the aforementioned requirements during the period of January 1, 2017 through December 31, 2017.

This report is intended solely for the information and use of the Board of Directors, management and others within the Agency and the New York State Authorities Budget Office, 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

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