CITY OF DUNKIRK

INDUSTRIAL DEVELOPMENT AGENCY

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2011

CITY OF DUNKIRK
INDUSTRIAL DEVELOPMENT AGENCY

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Certified Public Accountants & Consultants

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INDEPENDENT AUDITORS' REPORT

February 28, 2012

Board of Directors
City of Dunkirk Industrial Development Agency
342 Central Avenue
Dunkirk, New York 14048

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Dunkirk Industrial Development Agency ("DIDA"), as of and for the year ended December 31, 2011, which collectively comprise the City of Dunkirk Industrial Development Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Dunkirk Industrial Development Agency's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Dunkirk Industrial Development Agency as of December 31, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2012, on our consideration of the City of Dunkirk Industrial Development Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing,

and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 4 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 historic context. We have applied certain limited procedures to the required supplementary information in accordance with 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 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Dunkirk Industrial Development Agency's basic financial statements. The Industrial Development Agency Annual Financial Report is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Johnson, Mackowiak & Associates, LLP

JOHNSON, MACKOWIAK AND ASSOCIATES, LLP

CITY OF DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011

This discussion and analysis of the City of Dunkirk Industrial Development Agency's (Agency) financial performance provides an overview of the Agency's financial activities for the year ended December 31, 2011. This document should be read in conjunction with the Agency's financial statements which begin on page 5.

FINANCIAL HIGHLIGHTS

- The Agency's net assets (deficit) decreased $1,617 as a result of this year's activity.

USING THIS REPORT

The annual report consists of a series of financial statements. The statement of net assets (deficit) and the statement of activities provide information regarding the Agency as a whole and present a longer-term view of the Agency's finances. Financial statements for each fund start on page 7. For governmental activities, these statements show how services were financed in the overall operation of the Agency in greater detail than the Agency-wide financial statements.

REPORTING THE AGENCY AS A WHOLE

The Statement of Net Assets and Statement of Activities

The statement of net assets (deficit) and statement of activities show information about the Agency as a whole. These statements include all assets and liabilities of the Agency using the accrual basis of accounting which is used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Agency's net assets (deficit) and the changes to them. The Agency's net assets (deficit) – the difference between assets and liabilities – is a way to measure the Agency's financial health, or financial position. Over time, increases or decreases in the Agency's net assets (deficit) are one indicator of whether its financial health is improving or deteriorating.

In the statement of net assets (deficit) and the statement of activities, the Agency reports all its basic services as governmental activities. These services are primarily economic development.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Our discussion and analysis of the Agency's major fund begins on page 7 and provide detail of the Agency's most significant fund on an individual basis rather than the Agency taken as a whole. Some funds are required to be established by state or local law or by the nature of the federal and state funding for their operation. Currently the Agency only utilizes a single governmental fund.

Governmental Funds

The sole fund of the Agency is considered a governmental fund. This Section focuses on how revenue flows into and out of this fund and the balance of the fund at year-end which is available for future spending. The fund is reported using the modified accrual basis of accounting which measures cash and financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Agency's general operations and the basic services it provides. This information helps determine the financial resources that can be spent to finance Agency programs. The relationship between the governmental activities (accrual basis) and the governmental funds (modified accrual basis) is provided in reconciliations on pages 8 and 10.

CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. If you have any questions or need additional information, contact Steve Neratko, Director of Development, City Hall, 342 Central Avenue, Dunkirk, New York 14048.

CITY OF DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF NET DEFICIT
DECEMBER 31, 2011

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	$ 44
TOTAL ASSETS	$ 44

LIABILITIES AND NET DEFICIT

CURRENT LIABILITIES:	
Current portion of long-term liabilities	$ -
Accrued liabilities	165
Total current liabilities	165
NONCURRENT LIABILITIES:	
Noncurrent portion of long-term obligations	100
TOTAL LIABILITIES	265
NET DEFICIT	
TOTAL NET DEFICIT	(221)
TOTAL LIABILITIES AND NET DEFICIT	$ 44

See notes to financial statements

CITY OF DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES: Charges for Services	PROGRAM REVENUES: Operating Grants and Contributions	PROGRAM REVENUES: Capital Grants and Contributions	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS: Governmental Activities
Governmental activities:					
Economic assistance and opportunity	$ 2,000	$ -	$ -	$ -	$ (2,000)
Interest on long-term debt	17	-	-	-	(17)
Total governmental activities	$ 2,017	$ -	$ -	$ -	(2,017)
General revenues					400
Change in net assets					(1,617)
NET ASSETS - beginning					1,396
NET DEFICIT - ending					$ (221)

See notes to financial statements

CITY OF DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2011

ASSETS

CURRENT ASSETS, cash	$ 44
TOTAL ASSETS	$ 44

LIABILITIES AND FUND BALANCE

TOTAL LIABILITIES	$ -
TOTAL FUND BALANCE	44
TOTAL LIABILITIES AND FUND BALANCE	$ 44

See notes to financial statements

CITY OF DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS (DEFICIT)
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

Fund balances - total governmental funds	$	44
Amounts reported for governmental activities in the statement of activities are different because:		
Long-term liabilities applicable to the Agency's governmental funds are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized when due. All liabilities - both current and long-term - are reported in the statement of net assets. Long-term liabilities amounted to $100 and accrued interest payable on long-term liabilities amounted to $165.		(265)
Net deficit of governmental activities	$	(221)

See notes to financial statements

CITY OF DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2011

REVENUE FROM OPERATIONS	$	400
EXPENSES OF OPERATIONS		2,000
EXCESS OF EXPENSES OVER REVENUES		(1,600)
OTHER SOURCES (USES)		-
EXCESS OF EXPENSES AND OTHER USES OVER REVENUES AND OTHER SOURCES		(1,600)
FUND BALANCE, beginning		1,644
FUND BALANCE, ending	$	44

See notes to financial statements

CITY OF DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2011

Net change in fund balances - total governmental funds	$	(1,600)
Amounts reported for governmental activities in the statement of activities are different because:		
Some expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These include the increase in accrued interest of $17.		(17)
Change in net assets (deficit) of governmental activities	$	(1,617)

See notes to financial statements

CITY OF DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES	
Other receipts	$ 400
Cash payments contractual expenses	(2,000)
Cash used by operating activities	(1,600)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,600)
CASH AND CASH EQUIVALENTS, beginning	1,644
CASH AND CASH EQUIVALENTS, ending	$ 44

See notes to financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Dunkirk Industrial Development Agency (Agency) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Agency's accounting policies are described below.

A. Reporting Entity

The reporting entity of the Agency is based on Criteria set forth by GASB Statement 14, *The Financial Reporting Entity*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

1. Nature of the Organization

The City of Dunkirk Industrial Development Agency was established by the enactment of Section 890-a of the General Municipal Law, effective June 17, 1971, as a special act of the New York State Legislature. The Agency is authorized under the Act to issue bonds to promote the economic and industrial development of the State. The bonds are secured by pledges of any rents, revenues and receipts as well as a lien on and a security interest in the projects being promoted. Neither the Agency nor the City of Dunkirk shall be held liable for repayment of these bonds out of any funds other than those pledged by the Agency. Members of the Board of Directors of the Agency are appointed by and designated to serve at the pleasure of the City's Common Council. The City of Dunkirk Industrial Development Agency is a component unit of the City of Dunkirk and, accordingly, is included in the City's financial statements as a discretely presented component unit.

B. Basis of presentation:

1. Agency-wide statements:

The Statement of Net Assets (Deficit) and the Statement of Activities present financial information about the Agency's governmental activities. These statements include the financial activities of the overall governmental entity in its entirety, except those that are fiduciary.

2. Fund financial statements:

The fund statements provide information about the Agency's funds, including fiduciary funds (when applicable). Currently, the Agency maintains a single governmental fund. The emphasis of fund financial statements is on this governmental fund.

The Agency reports the following major governmental fund:

General Fund: This is the Agency's primary operating fund. Currently, the general fund is the only fund of the Agency.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

C. Measurement focus and basis of accounting

The Agency-wide financial statements are reported using the economic resources management 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, may include grants and donations. On an accrual basis, revenue is recognized in the fiscal year for which the revenue is earned. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources management focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Agency considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt or claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

D. Cash and Cash Equivalents

The Agency's cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the Agency's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United State Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Investments are stated at fair value.

E. Estimates

The preparation of the 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, expenditures, assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and during the reported period. Actual results could differ from those estimates and those differences could be significant.

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND AGENCY-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the Agency-wide statements, certain financial transactions are treated differently. The basic financial statements contain full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

A. Total fund balances of governmental funds vs. net assets (deficit) of governmental activities:

Total fund balances of the Agency's governmental funds differ from "net assets (deficit)" of governmental activities reported in the Statement of Net Assets (Deficit). This difference primarily results from the additional long-term economic focus of the Statement of Net Assets (Deficit) versus the solely current financial resources focus of the governmental funds Balance Sheets.

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of the three broad categories. The amounts shown below represent:

1. Long-term revenue differences:

   Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. Capital related differences:

   Capital related differences include the difference between proceeds for the sale of capital reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the differences between recording an expenditure for the purchase of capital items in the governmental funds statements and depreciation expense on those items as recorded in the Statement of Activities.

3. Long-term debt transaction differences:

   Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental funds, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Assets (Deficit).

NOTE 3 -DEBT

The Agency currently has an outstanding note payable to GF Management, Inc. The $100 note is payable together with interest at a rate of 7% per annum compounded annually with interest payable at maturity. The maturity date of this note is May 31, 2014.

NOTE 4 - CONTINGENCIES

A. Litigation

The Agency is party to various legal proceedings which normally occur in governmental operations. The Agency believes that its ultimate liability, if any, in connection with these matters, will not have a material effect on the Agency's financial condition or results of operations.

NOTE 5 - EVALUATION OF SUBSEQUENT EVENTS

The Agency has evaluated subsequent events through February 28, 2012, the date which the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustments of or disclosure in the accompanying financial statements.

INDUSTRIAL DEVELOPMENT AGENCY
ANNUAL FINANCIAL REPORT

_____ **Please check here if the name, address, and/or telephone number is different from last year.**

FOR DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY
(name of Industrial Development Agency)

City of Dunkirk
(name of sponsoring municipality)

FOR THE FISCAL YEAR ENDED **December 31, 2011**

General Municipal Law, Section 859 (1):

(b) Within ninety days following the close of its fiscal year, each agency or authority shall prepare a financial statement for that fiscal year in such form as may be prescribed by the State Comptroller. Such statement shall be audited within such ninety day period by an independent certified public accountant....

(c) Within thirty days after completion, a copy of the audited financial statement shall be transmitted to the Commissioner of the Department of Economic Development, the State Comptroller and the governing body of the municipality for whose benefit the agency was created.

OFFICE OF THE STATE COMPTROLLER
LOCAL GOVERNMENT SERVICES AND ECONOMIC DEVELOPMENT
DATA MANAGEMENT UNIT 12-8-C
110 STATE STREET
ALBANY, NY 12236-0001

Revised, 2009

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ENTERPRISE FUND * BALANCE SHEET * AS OF December 31, 2011

ASSETS	EDP CODE		LIABILITIES AND NET ASSETS	EDP CODE	
Cash	ED100S	$ 44	Accounts Payable	ED200S	$ -
Investments	ED105S	-	Accrued Liabilities	ED205S	165
Other Receivables (Net)	ED115S	-	Retained Percentages	ED210S	
State and Federal Aid Receivables	ED120S		Notes Payable	ED215S	-
Due From Other Funds	ED125S		Other Liabilities	ED220S	100
Due From Other Governments	ED130S		Due to Other Funds	ED225S	
Economic Development Projects	EDXXXX		Due to Other Governments	ED230S	
Prepaid Expenses	ED140S		Due to Other Entities	EDXXXX	-
Restricted Assets	ED145S		Deferred Revenues	ED245S	
Fixed Assets (Net)	ED150S				
			Total Liabilities		$ 265
			Invested in Capital Assets, Net of Related Debt	ED301	
			Restricted	ED306	
			Unrestricted	ED311	
			Net Assets		$ (221)
TOTAL ASSETS		$ 44	TOTAL LIABILITIES AND NET ASSETS		$ 44

The Notes to the Financial Statements are an integral part of this statement.

ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED December 31, 2011

	EDP CODE	AMOUNT
Operating Revenues		
Charges for Services	ED515S	$ 400
Payments in lieu of taxes	ED_____S	
Total Operating Revenues		$ 400
Operating Expenses		
Personal Services	ED625.1S	$
Contractual Expenses	ED625.4S	2,000
Employee Benefits	ED625.8S	
Depreciation	ED603.4S	
Total Operating Expenses		$ 2,000
Operating Income (Loss)		$ (1,600)
Non-Operating Revenues (Expenses)		
Revenues:		
Use of Money and Property	ED525S	$
Sale of Property and Compensation for Loss	ED530S	
	ED_____S	
Expenses: (Specify)		
Realized & Unrealized Gain on Marketable Securities	ED_____S	
Interest on Note	ED_____S	(17)
Net Non-Operating Revenue (Expense)		$ (17)
Income (Loss) Before Transfers and Taxes		$ (1,617)
Operating Transfers In	ED555S	
Operating Transfers Out	ED655.9S	
Real Property Taxes	ED_____.4S	
Net Income (Loss)		$ (1,617)
Net Assets - Beginning of Year	ED400S	$ 1,396
Adjustments: (Specify)		
Transfer of Capital Assets	ED_____S	
Interest	ED_____S	
Net Assets - End of Year	ED405S	$ (221)

STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED December 31, 2011
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	EDP CODE	AMOUNT
Cash Flows from Operating Activities:		
Cash Received from Providing Services	ED7111S	
Cash Payments Contractual Expenses	ED7112S	$ (2,000)
Cash Payments Personal Services & Benefits	ED7113S	
Other Operating Revenues	ED7114S	$ 400
Net Cash Provided (Used) by Operating Activities	ED7119S	$ (1,600)
Cash Flows from Non-Capital and Financing Activities:		
Real Property Taxes	ED7121S	$
Operating Grants Received	ED7122S	
Transfers To/From Other Funds	ED7123S	
Proceeds of Debt (Non-Capital)	ED7124S	
Payment of Debt (Non-Capital)	ED7125S	
Interest Expenses (Non-Capital)	ED7126S	$ -
Net Cash Provided (Used) by Non-Capital Financing Activities	ED7129S	$ -
Cash Flows from Capital and Related Financing Activities:		
Proceeds of Debt (Capital)	ED7131S	$
Principal Payments Debt (Capital)	ED7132S	
Interest Expenses (Capital)	ED7133S	
Capital Contributed by Developers	ED7134S	
Capital Contributed by Other Funds	ED7135S	
Payments to Contractors	ED7136S	
Capital Grants Received from Other Governments	ED7137S	
Proceeds from Sale of Assets	ED7138S	
Net Cash Provided (Used) by Capital and Related Financing Activities	ED7139S	$ -

STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED December 31, 2010
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (Continued)

	EDP CODE	AMOUNT
Cash Flows from Investing Activities:		
Purchase of Investments	ED7151S	$
Sale of Investments	ED7152S	
Interest Income & Other	ED7153S	-
Net Cash Provided (Used) by Investing Activities	ED7159S	$ -
Net Increase (Decrease) in Cash and Cash Equivalents	ED7161S	$ (1,600)
Cash and Cash Equivalents at Beginning of Year	ED7171S	$ 1,644
Cash and Cash Equivalents at End of Year	ED7179S	$ 44
RECONCILIATION OF OPERATING INCOME TO NET CASH		
Operating Income (Loss)	ED7181S	$ (1,600)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) from Operations:		
Depreciation	ED7182S	
Increase/Decrease in Assets Other than Cash and Cash Equivalents	ED7183S	
Increase/Decrease in Liabilities Other than Cash and Cash Equivalents	ED7184S	
Other Reconciling Items:		
Interest Income & Other	ED7185S	
Transfer Out - Beginning Balance	ED7185S	
	ED7185S	
	ED7185S	
Total Adjustments	ED7188S	$ -
Net Cash Provided (Used) by Operating Activities	ED7189S	$ (1,600)

NOTES TO FINANCIAL STATEMENTS
Summary of Significant Accounting Policies

See accompanying notes to the financial statements

DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY

SCHEDULE OF INDUSTRIAL REVENUE BONDS AND NOTES ISSUED
December 31, 2010

Project	Date of Issue	Original Issue Value	Outstanding Balance at January 1, 2009	New Issues	Payments	Outstanding Balance at December 31, 2009
				-	-	
Total Indebtedness		$ -	$ -	$ -	$ -	$ -

STATEMENT OF INDEBTEDNESS

List Separately by Date of Issue	EDP CODE	Month and Year*	Interest Rate		Outstanding Beginning of Fiscal Year	Do Not Include Renewals Here		Outstanding End of Fiscal Year	Final Maturity Date
			At Issuance	If Variable, Applicable Range		Issued During Fiscal Year	Paid During Fiscal Year		
		T			1	3	5	7	
Capital Notes:	2P1865	/							
Other Debt (specifiy):		/							
		/							
Bond Anticipation Notes:	----------	/							
	----------	/							
	----------	/							
Total Bond Anticipation Notes	2P1866	----------	----------	----------			**		----------
**BANS Redeemed from Bond Proceeds	2P1888	----------	----------	----------	----------	----------		----------	----------
Bonds (List by Purpose)	----------	/							
	----------	/							
	----------	/							
	----------	/							
	----------	/							
Total Bonds	2P1867	----------	----------	----------					----------
Authority Loans	2P1869	/							
TOTAL OF ALL INDEBTEDNESS	----------	----------	----------	----------					----------

Please note callable features of bond issues and any reserve funds available to pay debt (include also in the Notes to Financial Statements)

*ON NEW ISSUES, PLEASE INSERT NEW ISSUE DATE. ON RENEWAL, PLEASE INSERT LATEST RENEWAL DATE. PLEASE INSERT 4 DIGITS. I.E. APRIL 2003 WOULD BE 04/03.

MATURITY SCHEDULE
BONDS ISSUED DURING THE YEAR

1. SCHEDULE ATTACHED
2. INFO APPEARS ON ATTACHED PRJOECT SHEETS

		EDP CODE					
PURPOSE OF ISSUE		----------					
For State Comptroller Use Only		2P3CE					
TOTAL PRINCIPAL		2P3PR					
DATE OF ISSUE*		2P3DT	/ /	/ /	/ /	/ /	/ /
INTEREST RATE (In Decimals)		2P3PC					
DATE OF FINAL MATURITY*		2P3DM	/ /	/ /	/ /	/ /	/ /
Amount of Principal Redeemed in or to be Redeemed in Fiscal Year Ending in	2002	2P302					
	2003	2P303					
	2004	2P304					
	2005	2P305					
	2006	2P306					
	2007	2P307					
	2008	2P308					
	2009	2P309					
	2010	2P310					
	2011	2P311					
	2012	2P312					
	2013	2P313					
	2014	2P314					
Continue on Reverse Side	2015	2P315					
	2016	2P316					

*PLEASE INSERT SIX DIGITS, FOR EXAMPLE, APRIL 1, 2003 SHOULD BE SHOWN AS 04/01/03
NOTE: If two or more purposes are combined in a consolidated issue, show the maturity schedule for each purpose.

MATURITY SCHEDULE
BONDS ISSUED DURING THE YEAR

1. SCHEDULE ATTACHED
2. INFO APPEARS ON ATTACHED PRJOECT SHEETS

		EDP CODE					
Amount of Principal Redeemed in or to be Redeemed in Fiscal Year Ending in	2017	2P317					
	2018	2P318					
	2019	2P319					
	2020	2P320					
	2021	2P321					
	2022	2P322					
	2023	2P323					
	2024	2P324					
	2025	2P325					
	2026	2P326					
	2027	2P327					
	2028	2P328					
	2029	2P329					
	2030	2P330					
	2031	2P331					
	2032	2P332					
	2033	2P333					
	2034	2P334					
Continue on Next Page	2035	2P335					
	2036	2P336					

*PLEASE INSERT SIX DIGITS, FOR EXAMPLE, APRIL 1, 2003 SHOULD BE SHOWN AS 04/01/03
NOTE: If two or more purposes are combined in a consolidated issue, show the maturity schedule for each purpose.

MATURITY SCHEDULE
BONDS ISSUED DURING THE YEAR

1. SCHEDULE ATTACHED
2. INFO APPEARS ON ATTACHED PRJOECT SHEETS

		EDP CODE					
Amount of Principal Redeemed in or to be Redeemed in Fiscal Year Ending in	2037	2P337					
	2038	2P338					
	2039	2P339					
	2040	2P340					
	2041	2P341					
	2042	2P342					
	2043	2P343					
	2044	2P344					
	2045	2P345					
	2046	2P346					
	2047	2P347					
	2048	2P348					
	2049	2P349					
	2050	2P350					
	2051	2P351					
	2052	2P352					
	2053	2P353					
	2054	2P354					
	2055	2P355					
	Total	----------					

*PLEASE INSERT SIX DIGITS, FOR EXAMPLE, APRIL 1, 2003 SHOULD BE SHOWN AS 04/01/03
NOTE: If two or more purposes are combined in a consolidated issue, show the maturity schedule for each purpose.

INSTRUCTIONS FOR COMPLETING SCHEDULE OF SUPPLEMENTAL BOND/NOTE AND LEASE INFORMATION FOR INDUSTRIAL DEVELOPMENT AGENCIES AND AUTHORITIES

The Supplemental Information follows the Maturity Schedule and is required to be completed for each project begun in 1990 and thereafter for which debt was issued,outstanding or retired during the fiscal year or any straight lease agreement which was entered into since 1990 and thereafter and is outstanding. (Photocopy additional sheets if needed).

1. On the Schedule of Supplemental Information, the name of the project, the name of the project owner, and the project owner's address must be completed for all projects begun in 1990 and thereafter. This information should be current and reflect any changes since the project was undertaken. The project code must be established and reported for all projects started in 1998 and thereafter. Refer to separate instructions for coding structure for IDA project identification numbers. This code should also be used to identify the project in reporting project activity to other state agencies or departments.

2. The project purpose code should be taken from the list on the top of pages 11 and 12 of the annual report forms. The definitions for the codes follows these instructions.

3. Total Project Amount is the cost of the entire project.

4. Benefitted Project Amount is Total Project Amount less any project costs that will not result in an IDA-derived benefit. For example, items included within the project amount that are not sales taxable (e.g. service, such as legal, architectural, engineering) or do not result in an increase in the real property assessment.

5. Bond or Note Amount is the original principal amount of bond or note issued.

6. Show the federal tax status of each bond or note using the codes on top of page 11.

7. Not-for-Profit Organization status of project occupant should be indicated by putting a "yes" in the not-for-profit column.

8. New Tax Revenue If No Exemptions Granted refers to the amount of tax revenues a project would generate if the project did not receive any tax exemptions.

9. Method of Financial Assistance Other Than Tax Exemptions or other economic benefits-can be detailed on another page if necessary.

10. Tax exemptions refer to the total dollar amount of exemptions received during the year for which the report is being completed. For real property tax exemptions, please indicate the total amount of taxes for which the project would have been liable if the IDA was not involved. Do not deduct amounts paid pursuant to any payment in lieu of taxes (PILOT) agreements. Real property tax exemptions must be shown for all projects including those to which PILOTS are made.

11. Total Real Property Tax Exemptions Net of RPTL section 485-b Exemptions is the amount of real property tax exemptions the project received as a result of IDA status, i.e., deduct from the IDA exemption the amount of any real property tax exemptions the project would have received, irrespective of IDA involvement.

12. Each project where a PILOT is made must be listed on pages 11b and 12b.
-- code 1 (all local units); -- code 2 (selected local units)

13.FTE Jobs Created and Retained-report the number of full time equivalent jobs.

PROJECT PURPOSE CODE DEFINITIONS

Services: This category includes establishments primarily engaged in producing a wide variety of services for individuals, business and government establishments and other organizations. Hotels and other lodging places, recreational services, health, legal, engineering, and other professional services; educational institutions, membership organizations, and other miscellaneous services, are included.

Construction: This category includes establishments primarily engaged in construction. Three broad types of construction activity are covered: (1) building construction by general contractors or by operative builders; (2) heavy construction other than building by general contractors and special trade contractors; and (3) construction activity by other special trade contractors.

Agriculture, Forestry and Fishing: This category includes establishments primarily engaged in agricultural production, forestry, commercial fishing, hunting and trapping and related services.

Wholesale Trade: This category includes establishments or places of business primarily engaged in selling merchandise to retailers; to industrial, commercial, institutional, farm, construction contractors, or professional business users; or to other wholesalers; or acting as agents or brokers in buying merchandise for or selling merchandise to such persons or companies.

Retail Trade: This category includes establishments engaged in selling merchandise for personal or household consumption and rendering services incidental to the sale of the goods. In general, retail establishments are classified by kind of business according to the principal lines of commodities sold (groceries, hardware, etc.), or the usual trade designation (drug store, cigar store, etc.). Some of the important characteristics of retail trade establishments are: the establishment is usually a place of business and is engaged in activities to attract the general public to buy; the establishment buys or receives merchandise as well as sells; the establishment may process its products, but such processing is incidental or subordinate to selling; the establishment is considered as retail in the trade; and the establishment sells to customers for personal or household use.

Finance, Insurance and Real Estate: This category includes establishments operating primarily in the fields of finance, insurance and real estate. Finance includes depository institutions, non-depository credit institutions, holding (but not predominantly operating) companies, other investment companies, brokers and dealers in securities and commodity contracts, and security and commodity exchanges. Insurance covers carriers of all types of insurance, and insurance agents and brokers. Real estate includes owners, lessors, lessees, buyers, sellers, agents, and developers of real estate.

Transportation, Communications, Electric, Gas and Sanitary Services; This category includes establishments providing, to the general public or to other business enterprises, passenger and freight transportation, communications services, or electricity, gas, steam, water or sanitary services.

Other Categories:

--Exempt Facility	-- Water and sewage facilities	--Docks, wharves and public transit	--Solid waste and resource recovery
--Local furnishing of electric energy or gas	--Exempt sports facility	--Pollution control	--Civic Facility-- Facility owned or occupied by a nonprofit organization

Manufacturing: The manufacturing category includes establishments engaged in the mechanical or chemical transformation of materials or substances into new products. These establishments are usually described as plants, factories, or mills and characteristically use power drive machines and materials handling equipment. Establishments engaged in assembling component parts of manufactured products are also considered manufacturing if the new product is neither a structure nor other fixed improvement. Also included is the blending of materials, such as lubricating oils, plastic resins, or liquors.

SCHEDULE OF SUPPLEMENTAL INFORMATION
BONDS/NOTES

Refer to Page 10 of this report for instructions

*Total Exemptions (page 11a) less total PILOTS (page 11b)

Project Purpose Codes

1. Services
2. Construction
3. Agriculture, Forestry, Fishing
4. Wholesale Trade
5. Retail Trade
6. Finance, Insurance and Real Estate
7. Transportation, Communication, Electric, Gas, and Sanitary Services
8. Other (specify)
9. Manufacturing

Federal Tax Status

1. Taxable
2. Tax Exempt

No.	Project Code	Name of Project, Project Owner and Address	Purpose	Total Project Amount	Benefitted Project Amount	Bond/Note Amount	Federal Tax Status	Not for Profit	New Tax Revenues if No Exemptions Granted*
1									
2.									
3.									
4.									
5.									
6.									
7.									

SCHEDULE OF SUPPLEMENTAL INFORMATION
BONDS/NOTES

Refer to Page 10 of this report for instructions

TAX EXEMPTIONS

No.	Sales Tax Exemptions		Real Property Tax Exemptions			Mortgage Recording	Total Exemptions	Total Exemptions Net of RPTL section 485-b Exemptions
	State	Local	County	Local	School			
1.								
2.								
3.								
4.								
5.								
6.								
7.								

SCHEDULE OF SUPPLEMENTAL INFORMATION
BONDS/NOTES

Refer to page 10 of this report for instructions.

*For appropriate Code, indicate 1 or 2:

1 =PILOT payments made to all eligible local government participants.
2 =PILOT payments made to selected local government participants.

PAYMENTS IN LIEU OF TAXES (PILOTS)						
No.	Project Code	County	Local	School	Total PILOTS	Code*
1.						
2.						
3.						
4.						
5.						
6.						
7.						

SCHEDULE OF SUPPLEMENTAL INFORMATION - BONDS/NOTES
Full Time Equivalent (FTE) Jobs Created and Retained

No.	# of FTE Employees at Project Location Before IDA Status	Original Estimate of Jobs to be Created:	Original Estimate of Jobs to be Retained:	# of Current FTE Employees	# of FTE Construction Jobs Created During Fiscal Year
1.					
2.					
3.					
4.					
5.					
6.					
7.					

DUNKIRK IDA - 2010

BOND PROJECTS

Project Code

Please Specify: Bond Project ○ Lease Project ○

Schedule of Supplemental Information (Bonds/Notes or Straight Lease)

Name of Project:

Project Owner and Address:

Project Purpose (see instructions): 1
Federal Tax Status: Taxable ___ Tax Exempt X

Straight Lease End Date:

Total Project/Lease Amount -2009

Benefited Project Amount

Bond/Note Amount

Please check box if applicable:
☐ Not all data is reported.
Letter of explanation attached.

Non-profit? Y x N ___ **New tax revenues if no exemptions granted** $0.00

Exemptions

Sales Tax	Real Property Tax	Mortgage Recording	Total Exemptions	Total Exemptions Net of RPTL Sec 485-b Exemptions
State: $0.00	County:			$0.00
Local: $0.00	Local (sum of			
	School:			

Payments in Lieu of Taxes (PILOTS)

County	Local (sum of	School	Total PILOTS	Code (see instructions)
		$0.00	$0.00	1

Full-Time Equivalent (FTE) Jobs Created and Retained

# FTE Employees at Project Location Prior to IDA Status	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained	# Current FTE Employees	# FTE Construction Jobs Created during Fiscal Year

Straight Lease: Identify method of financial assistance utilized by project, other than tax exemptions claimed by project. Identify by amount and type:

Please complete bond and note information on reverse

Bonds and Notes Related to Project

Project Code

Name of Project:

Type of Debt:	Bond(s) ■	Bond(s) ■	Bond(s) ■	Bond(s) ■	Total

Type of Debt:	Note(s) ☐	Note(s) ☐	Note(s) ☐	Note(s) ☐	Total
Date of Issue:					
Interest Rate:					
• At issuance					
• If variable, applicable range					
Outstanding Beginning of Fiscal Year:					$ -
Issued During Fiscal Year:	$ -				$ -
Paid During Fiscal Year:	$ -				$ -
Outstanding End of Fiscal Year:					$ -
Final Maturity Date:					

Bonds and notes reported above do not need to be reported in the Statement of Indebtedness (Page 6 of the Annual Financial Report)

SCHEDULE OF SUPPLEMENTAL INFORMATION
STRAIGHT LEASE

Project Purpose Codes

1. Services
2. Construction
3. Agriculture, Forestry, Fishing
4. Wholesale Trade
5. Retail Trade
6. Finance, Insurance and Real Estate
7. Transportation, Communication, Electric, Gas, and Sanitary Services
8. Other (specify)
9. Manufacturing

* Total Exemptions (page 12a) less total PILOTS (page 12b)

Refer to page 10 of this report for instructions

No.	Project Code	Name of Project, Project Owner and Address	Purpose	Total Amount of Lease	Not for Profit	New Tax Revenues If No Exemptions Granted*	Method of Financial Assistance Utilized by Project, Other than Tax Exemptions Claimed by Project (Identify amount and type)
1.							
2.							
3.							
4.							
5.							
6.							
7.							

SCHEDULE OF SUPPLEMENTAL INFORMATION
STRAIGHT LEASE

Refer to Page 10 of this report for instructions

TAX EXEMPTIONS								
	Sales Tax Exemptions		Real Property Tax Exemptions					
No.	State	Local	County	Local	School	Mortgage Recording	Total Exemptions	Total Exemptions Net of RPTL section 485-b Exemptions
1.								
2.								
3.								
4.								
5.								
6.								
7.								

SCHEDULE OF SUPPLEMENTAL INFORMATION
STRAIGHT LEASE

Refer to page 10 of this report for instructions.

*For appropriate Code, indicate 1 or 2:

1 =PILOT payments made to all eligible local government participants.
2 =PILOT payments made to selected local government participants.

PAYMENTS IN LIEU OF TAXES (PILOTS)						
No.	Project Code	County	Local	School	Total PILOTS	Code*
1.						
2.						
3.						
4.						
5.						
6.						
7.						

SCHEDULE OF SUPPLEMENTAL INFORMATION - STRAIGHT LEASE
Full Time Equivalent (FTE) Jobs Created and Retained

No.	# of FTE Employees at Project Location Before IDA Status	Original Estimate of Jobs to be Created:	Original Estimate of Jobs to be Retained:	# of Current FTE Employees	# of FTE Construction Jobs Created During Fiscal Year
1.					
2.					
3.					
4.					
5.					
6.					
7.					

DUNKIRK IDA - 2010

LEASE PROJECTS

Project Code 1 Please Specify: Bond Project ○ Lease Project ●

Schedule of Supplemental Information (Bonds/Notes or Straight Lease)

Name of Project: 0602 05 01A

Project Owner and Address: Dunkirk Resort Properties, LLC
30 Lake Shore Drive, Dunkirk, NY 14048

Project Purpose (see instructions): 1
Federal Tax Status: Taxable x Tax Exempt ___.

Total Project/Lease Amount $1,900,000

Straight Lease
End Date: 7/31/2020

Benefited Project Amount $1,900,000

Bond/Note Amount $ 100

Non-profit? Y___ N x **New tax revenues if no exemptions granted** ($41,165.36)

Please check box if applicable:
☐ Not all data is reported.
Letter of explanation attached.

Exemptions

Sales Tax (est)	Real Property Tax	Mortgage Recording	Total Exemptions	Total Exemptions Net of RPTL Sec 485-b Exemptions
State: $0.00	County: $23,519.01	$0.00	$108,834.64	$108,834.64
Local: $0.00	Local (sum of $24,500.31			
	School: $60,815.32			

Payments in Lieu of Taxes (PILOTS)

County	Local (sum of	School	Total PILOTS	Code (see instructions)
$0.00	$150,000.00	$0.00	$150,000.00	Services

Full-Time Equivalent (FTE) Jobs Created and Retained

# FTE Employees at Project Location Prior to IDA Status	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained	# Current FTE Employees	# FTE Construction Jobs Created during Fiscal Year
0	1	1	27	0

Straight Lease: Identify method of financial assistance utilized by project, other than tax exemptions claimed by project. Identify by amount and type:

Please complete bond and note information on reverse

Bonds and Notes Related to Project

Project Code 1 **Name of Project:** Ramada Inn (2005 Project)

Type of Debt:	Bond(s) ☐ Note(s) ■	Bond(s) ■ Note(s) ☐	Bond(s) ■ Note(s) ☐	Bond(s) ■ Note(s) ☐	Total
Date of Issue:	8/4/1997				
Interest Rate: • At issuance	7% Annual				
• If variable, applicable range					
Outstanding Beginning of Fiscal Year:	$ 100				$ 100
Issued During Fiscal Year:	$ -				$ -
Paid During Fiscal Year:	$ -				$ -
Outstanding End of Fiscal Year:	$ 100				$ 100
Final Maturity Date:	5/31/2014				Final maturity date of last

Bonds and notes reported above do not need to be reported in the Statement of Indebtedness (Page 6 of the Annual Financial Report)

Project Code 2 Please Specify: Bond Project ○ Lease Project ●

Schedule of Supplemental Information (Bonds/Notes or Straight Lease)

Name of Project: 0602 08 01A

Project Owner and Address: Chadwick Bay, LLC
21 East Second Street, Dunkirk, NY 14048

Project Purpose (see instructions): 6
Federal Tax Status: Taxable x Tax Exempt ___.

Total Project/Lease Amount $1,808,000

Straight Lease
End Date: 5/30/2019

Benefited Project Amount $1,808,000

Bond/Note Amount $ -

Non-profit? Y___ N x **New tax revenues if no exemptions granted** $14,433.59

Please check box if applicable:
☐ Not all data is reported.
Letter of explanation attached.

Exemptions

Sales Tax (est)	Real Property Tax	Mortgage Recording	Total Exemptions	Total Exemptions Net of RPTL Sec 485-b Exemptions
State: $0.00	County: $3,119.08	$0.00	$14,433.59	$14,433.59
Local: $0.00	Local (sum of city/town/village): $3,249.22			
	School: $8,065.30			

Payments in Lieu of Taxes (PILOTS)

County	Local (sum of city/town/village)	School	Total PILOTS	Code (see instructions)
$0.00	$0.00	$0.00	$0.00	Services

Full-Time Equivalent (FTE) Jobs Created and Retained

# FTE Employees at Project Location Prior to IDA Status	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained	# Current FTE Employees	# FTE Construction Jobs Created during Fiscal Year
0	1	1	1	0

Straight Lease: Identify method of financial assistance utilized by project, other than tax exemptions claimed by project. Identify by amount and type:

Please complete bond and note information on reverse

Bonds and Notes Related to Project

Project Code

Name of Project:

Type of Debt:	Bond(s) ☐ Note(s) ■	Bond(s) ■ Note(s) ☐	Bond(s) ■ Note(s) ☐	Bond(s) ■ Note(s) ☐	Total
Date of Issue:					
Interest Rate:					
• At issuance					
• If variable, applicable range					
Outstanding Beginning of Fiscal Year:	$ -				$ -
Issued During Fiscal Year:	$ -				$ -
Paid During Fiscal Year:	$ -				$ -
Outstanding End of Fiscal Year:	$ -				$ -
Final Maturity Date:					Final maturity date of last

Bonds and notes reported above do not need to be reported in the Statement of Indebtedness (Page 6 of the Annual Financial Report)

BANK RECONCILIATION
CASH BY FUNDS, PER BALANCE SHEETS
Include Petty Cash

Enterprise Fund	44
TOTAL ALL FUNDS	44 *

BANK BALANCES
Identify Bank Balances with Funds by Listing the Applicable Code Letters

Name and Location of Bank	Fund Code	Bank Balance	Less Outstanding Checks	Add Cash on Hand	Adjusted Bank Balance
COMMUNITY BANK - DUNKIRK, NY	E	44			44
Add:		Petty Cash Funds			
		Adjustments (specify) _____, _____			
		TOTAL ADJUSTED BANK BALANCE AND PETTY CASH			44 *

*These amounts must agree.

NOTE: Bank certification forms are not required to be filed with this report. However, the Office of the State Comptroller may confirm bank balances directly with the bank.

CERTIFICATE OF CHIEF FISCAL OFFICER

I, **STEVE NERATKO**, CERTIFY THAT I AM THE CHIEF FISCAL OFFICER OF THE **DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY** AND THAT THIS REPORT TO THE BEST OF MY KNOWLEDGE, INFORMATION, AND BELIEF, IS A TRUE AND CORRECT STATEMENT OF THE FINANCIAL TRANSACTIONS AND FISCAL CONDITION FOR THE FISCAL YEAR ENDED **2010**

SIGNATURE _____ DATE , 2012

TITLE **Executive Director**

OFFICIAL ADDRESS: **DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY**
342 CENTRAL AVENUE
DUNKIRK, NY 14048

OFFICE TELEPHONE NO. **716-366-0452**

PLEASE MAIL REPORT TO:

OFFICE OF THE STATE COMPTROLLER
DIVISION OF LOCAL GOVERNMENT SERVICES
AND ECONOMIC DEVELOPMENT
DATA MANAGEMENT UNIT 12-8-C
110 STATE STREET
ALBANY, NY 12236

IF YOU HAVE QUESTIONS RELATING TO THIS REPORT, PLEASE CALL: (518) 408-2941

JM
JOHNSON, MACKOWIAK
AND ASSOCIATES, LLP
Certified Public Accountants & Consultants

70 East Main Street / Fredonia, New York 14063 / 716-672-4770 / Fax 716-679-1512

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*

February 28, 2012

Board of Directors
City of Dunkirk Industrial Development Agency
342 Central Avenue
Dunkirk, New York 14048

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Dunkirk Industrial Development Agency ("DIDA") as of and for the year ended December 31, 2011, which collectively comprise the City of DIDA'S basic financial statements and have issued our report thereon dated February 28, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of DIDA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of DIDA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of DIDA's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of DIDA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, City Council, others within the entity, Board of Directors and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Johnson, Mackowiak & Associates, LLP

JOHNSON, MACKOWIAK AND ASSOCIATES, LLP