CITY OF DUNKIRK

INDUSTRIAL DEVELOPMENT AGENCY

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

CITY OF DUNKIRK
INDUSTRIAL DEVELOPMENT AGENCY

TABLE OF CONTENTS

	Page
PART I - Basic Financial Statements	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Statement of Net Position	5
Statement of Activities	6
Balance Sheet - Governmental Funds	7
Reconciliation of the Balances Sheet to the Statement of to Net Position - Governmental Funds	8
Statement of Revenues, Expenses and Changes in Fund Balance	9
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Governmental Funds	10
Statement of Cash Flows	11
Notes to Financial Statements	12
PART II - Supplementary Information	
City of Dunkirk Industrial Development Agency Annual Financial Report	
PART III	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	

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

70 East Main Street
Fredonia, New York 14063

INDEPENDENT AUDITOR'S REPORT

May 30, 2014

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

Report of Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the City of Dunkirk Industrial Development Agency ("DIDA"), as of and for the year ended December 31, 2013 and the related notes to the financial statements, which collectively comprise DIDA'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 opinions 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the DIDA, as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on page 3 and 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 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 May 30, 2014, on our consideration of the DIDA's internal control over financial reporting and our tests of its compliance with certain provision 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* in considering the DIDA's internal control over financial reporting and compliance.

Johnson, Mackowiak & Associates, LLP

JOHNSON, MACKOWIAK & ASSOCIATES, LLP

CITY OF DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013

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, 2013. This document should be read in conjunction with the Agency's financial statements which begin on page 5.

FINANCIAL HIGHLIGHTS

- The Agency increased from a deficit of $243 to a net position of $18,775 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 position 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 Position and Statement of Activities

The statement of net position 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 position and the changes to it. The Agency's net position – 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 are one indicator of whether its financial health is improving or deteriorating.

In the statement of net position 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 POSITION
DECEMBER 31, 2013

ASSETS

CURRENT ASSETS:		
Cash and cash equivalents	$	1,049
Accounts receivable		18,030
TOTAL ASSETS	$	19,079

LIABILITIES AND NET POSITION

CURRENT LIABILITIES:		
Current portion of long-term obligations	$	100
Accrued liabilities		204
Total current liabilities		304
NONCURRENT LIABILITIES:		
Noncurrent portion of long-term obligations		-
TOTAL LIABILITIES		304
NET POSITION		
Invested in capital assets, net of related debt		-
Unrestricted		18,775
TOTAL NET POSITION		18,775
TOTAL LIABILITIES AND NET POSITION	$	19,079

See notes to financial statements

CITY OF DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013

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 POSITION: Governmental Activities
Governmental activities:					
Economic assistance and opportunity	$ 28	$ 19,030	$ -	$ -	$ 19,002
Interest on long-term debt	20	-	-	-	(20)
Total governmental activities	$ 48	$ 19,030	$ -	$ -	18,982
General revenues					36
Change in net position					19,018
NET DEFICIT - beginning					(243)
NET POSITION - ending					$ 18,775

See notes to financial statements

CITY OF DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2013

ASSETS

CURRENT ASSETS,		
Cash and cash equivalents	$	1,049
Accounts receivable		18,030
TOTAL ASSETS	$	19,079

LIABILITIES AND FUND BALANCE

TOTAL LIABILITIES	$	-
TOTAL FUND BALANCE		19,079
TOTAL LIABILITIES AND FUND BALANCE	$	19,079

See notes to financial statements

CITY OF DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

Fund balances - total governmental funds	$	19,079
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 $204.		(304)
Net Position of governmental activities	$	18,775

See notes to financial statements

CITY OF DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2013

REVENUE FROM OPERATIONS	$	19,066
EXPENSES OF OPERATIONS		28
EXCESS OF REVENUES OVER EXPENSES		19,038
OTHER SOURCES (USES)		-
EXCESS OF REVENUES AND OTHER USES OVER REVENUES AND OTHER SOURCES		19,038
FUND BALANCE, beginning		41
FUND BALANCE, ending	$	19,079

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, 2013

Net change in fund balances - total governmental funds	$	19,038
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 $20.		(20)
Change in net position of governmental activities	$	19,018

See notes to financial statements

CITY OF DUNKIRK INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from charges and fees		1,000
Other receipts		36
Payments of contractual expenses		(28)
Cash provided by operating activities		1,008
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,008
CASH AND CASH EQUIVALENTS, beginning		41
CASH AND CASH EQUIVALENTS, ending	$	1,049
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income	$	19,038
Change in assets and liabilities:		
Accounts receivable		(18,030)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$	1,008

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 Position 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 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

F. Accounting and Reporting Change

During November 2010, GASB issued Statement No. 61 - *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, effective for the year ending December 31, 2013. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity,* and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The Agency implemented Statement No. 61, effective for the fiscal year ending December 31, 2013, with retroactive application for the fiscal year ended December 31, 2012. The adoption of Statement No. 61 had no effect on the Agency's financial statements.

During March 2012, GASB issued Statement No. 65 - *Items Previously Reported as Assets and Liabilities,* effective for the year ending December 31, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Agency implemented Statement No. 65, effective for the fiscal year ending December 31, 2013, with retroactive application for the fiscal year ended December 31, 2012. The adoption of Statement No. 65 had no effect on the Agency's financial statements.

In March 2012, GASB issued GASB Statement No. 66 - *Technical Corrections - 2012 - an amendment of GASB Statement No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Agency implemented Statement No. 66, effective for the fiscal year ending December 31, 2013, with retroactive application for the fiscal year ended December 31, 2012. The adoption of Statement No. 66 had no affect on the Agency's financial statements.

G. Future Impacts of Accounting Pronouncements

The Agency has not completed the process of evaluating the impact that will result from adopting Governmental Accounting Standards Board (GASB) Statement No. 67 - *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, effective for the year ending December 31, 2014; GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*; effective for the year ending December 31, 2015; GASB Statement No. 69 - *Government Combinations and Disposals of Government Operations,* effective for the year ending December 31, 2014; GASB Statement No. 70 - *Accounting and Financial Reporting for Nonexchanges Financial Guarantees,* effective for the year ending December 31, 2014 and GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68,* effective for the year ending December 31, 2015

The Agency is therefore unable to disclose the impact that adopting these GASB Statements will have on its financial position and results of operation when such statements are adopted.

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 position of governmental activities:

Total fund balances of the Agency's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position 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 Position.

NOTE 3 - EQUITY CLASSIFICATIONS

A. Entity-wide Statements

In the government-wide statements, there are three classes of net position:

Invested in Capital Assets, Net of Related Debt - This class consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of these assets.

Restricted Net Position - Restricted net assets report constraints placed on assets that are either legally imposed by creditors (such as through covenants), grantors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

The Agency does not have any restricted net assets at December 31, 2013.

Unrestricted Net Position - Designations are not legally required restrictions, but are segregated for a specific purpose. At December 31, 2013, the Agency had not designated any unrestricted net assets.

B. Fund Statements

In the fund basis statements there are five classifications of fund balance:

Non-Spendable - includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The Agency does not have any nonspendable fund balance at December 31, 2013.

Restricted - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. At December 31, 2013 the Agency does not have any restricted fund balances.

Committed - includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the Agency's highest level of decision making authority, i.e., the Board of Directors. At December 31, 2013 the Agency did not have any committed fund balances.

Assigned - includes amounts that are constrained by the Agency's intent to be used for specific purposes but are neither restricted nor committed. The Agency did not have any assigned fund balances at December 31, 2013.

Unassigned - includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the Agency.

Order of Use of Fund Balance - The Agency's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined.

NOTE 4 - 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 5 - 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 6 - EVALUATION OF SUBSEQUENT EVENTS

The Agency has evaluated subsequent events through May 30, 2014, 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.

PART II - Supplementary Information

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, 2013**

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

TABLE OF CONTENTS

Enterprise Fund

Balance Sheet 1

Statement of Revenues, Expenses and Changes in Net Assets 2

Statement of Cash Flows 3

Notes to Financial Statements 5

DEBT SECTION

Statement of Indebtedness 6

Maturity Schedule 7

SUPPLEMENTAL INFORMATION

Instructions for Completing Schedule of Supplemental Information 10

Supplemental Information Bonds 11

Supplemental Information Straight Lease 12

Bank Reconciliation 13

Certification of Chief Fiscal Officer 14

ENTERPRISE FUND * BALANCE SHEET * AS OF December 31, 2013

ASSETS	EDP CODE		LIABILITIES AND NET ASSETS	EDP CODE	
Cash	ED100S	$ 1,049	Accounts Payable	ED200S	$ -
Investments	ED105S	-	Accrued Liabilities	ED205S	204
Other Receivables (Net)	ED115S	18,030	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		$ 304
			Invested in Capital Assets, Net of Related Debt	ED301	
			Restricted	ED306	
			Unrestricted	ED311	
			Net Assets		$ 18,775
TOTAL ASSETS		$ 19,079	TOTAL LIABILITIES AND NET ASSETS		$ 19,079

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, 2013

	EDP CODE	AMOUNT
Operating Revenues		
Charges for Services	ED515S	$ 19,066
Payments in lieu of taxes	ED_____S	
Total Operating Revenues		$ 19,066
Operating Expenses		
Personal Services	ED625.1S	$
Contractual Expenses	ED625.4S	28
Employee Benefits	ED625.8S	
Depreciation	ED603.4S	
Total Operating Expenses		$ 28
Operating Income (Loss)		$ 19,038
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	(20)
Net Non-Operating Revenue (Expense)		$ (20)
Income (Loss) Before Transfers and Taxes		$ 19,018
Operating Transfers In	ED555S	
Operating Transfers Out	ED655.9S	
Real Property Taxes	ED_____.4S	
Net Income (Loss)		$ 19,018
Net Assets - Beginning of Year	ED400S	$ (243)
Adjustments: (Specify)		
Transfer of Capital Assets	ED_____S	
Interest	ED_____S	
Net Assets - End of Year	ED405S	$ 18,775

STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED December 31, 2013
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	EDP CODE	AMOUNT
Cash Flows from Operating Activities:		
Cash Received from Providing Services	ED7111S	$ 1,000
Cash Payments Contractual Expenses	ED7112S	$ (28)
Cash Payments Personal Services & Benefits	ED7113S	
Other Operating Revenues	ED7114S	$ 36
Net Cash Provided (Used) by Operating Activities	ED7119S	$ 1,008
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, 2013
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	$ 1,008
Cash and Cash Equivalents at Beginning of Year	ED7171S	$ 41
Cash and Cash Equivalents at End of Year	ED7179S	$ 1,049
RECONCILIATION OF OPERATING INCOME TO NET CASH		
Operating Income (Loss)	ED7181S	$ 19,038
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	(18,030)
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	$ (18,030)
Net Cash Provided (Used) by Operating Activities	ED7189S	$ 1,008

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, 2013

Project	Date of Issue	Original Issue Value	Outstanding Balance at January 1, 2013	New Issues	Payments	Outstanding Balance at December 31, 2013
				-	-	
Total Indebtedness		$ -	$ -	$ -	$ -	$ -

STATEMENT OF INDEBTEDNESS

List Separately by Date of Issue	EDP CODE	Month and Year* T	Interest Rate At Issuance	Interest Rate If Variable, Applicable Range	Outstanding Beginning of Fiscal Year 1	Do Not Include Renewals Here Issued During Fiscal Year 3	Do Not Include Renewals Here Paid During Fiscal Year 5	Outstanding End of Fiscal Year 7	Final Maturity Date
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					
	2017	2P317					
Amount of Principal Redeemed	2018	2P318					
in or to be Redeemed in	2019	2P319					
Fiscal Year Ending in	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					
	2037	2P337					
Amount of Principal Redeemed	2038	2P338					
in or to be Redeemed in	2039	2P339					
Fiscal Year Ending in	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			Federal Tax Status
1. Services	**4.** Wholesale Trade	**7.** Transportation, Communication, Electric, Gas, and Sanitary Services	**1.** Taxable
2. Construction	**5.** Retail Trade	**8.** Other (specify)	**2.** Tax Exempt
3. Agriculture, Forestry, Fishing	**6.** Finance, Insurance and Real Estate	**9.** Manufacturing	

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								
	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
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 - 2013

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) ■ 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:					

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 - 2013

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** $39,177.11

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: $29,539.73	$53,030.24	$189,177.11	$189,177.11
Local: $0.00	Local (sum of $45,722.17			
	School: $60,884.97			

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	23	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** $17,512.77

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: $3,799.74	$0.00	$17,512.77	$17,512.77
Local: $0.00	Local (sum of city/town/village): $5,881.31			
	School: $7,831.72			

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	1,049
TOTAL ALL FUNDS	1,049 *

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	1,049			1,049
	Add:	Petty Cash Funds			
		Adjustments (specify) _____, _____			
		TOTAL ADJUSTED BANK BALANCE AND PETTY CASH			1,049 *

*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 2013

SIGNATURE _____ DATE

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

PART III -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 *Government Auditing Standards*

JMA

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

70 East Main Street
Fredonia, New York 14063

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

May 30, 2014

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the City of Dunkirk Industrial Development Agency ("DIDA"), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the DIDA's basic financial statements and have issued our report thereon dated May 30, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Johnson, Mackowiak & Associates, LLP

JOHNSON, MACKOWIAK & ASSOCIATES, LLP

JMA

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

70 East Main Street
Fredonia, New York 14063

March 10, 2014

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

We are pleased to confirm our understanding of the services we are to provide the City of Dunkirk Industrial Development Agency ("DIDA") for the year ended December 31, 2013. We will audit the financial statements of the governmental activities and each major fund, which collectively comprise the basic financial statements of DIDA as of and for the year ended December 31, 2013. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement DIDA's 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. As part of our engagement, we will apply certain limited procedures to DIDA's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis

Audit Objectives

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance

with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of DIDA and other procedures we consider necessary to enable us to express such opinions. If our opinions on the financial statements are other than unqualified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance and others within the entity, and are not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that DIDA is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for the basic financial statements and all accompanying information as well as all representations contained therein. As part of the audit, we will assist with preparation of your financial statements and related notes. You are responsible for making all management decisions and performing all management functions relating to the financial statements and related notes and for accepting full responsibility for such decisions. You will be required to acknowledge in the written representation letter our assistance with preparation of the financial statements and that you have reviewed and approved the financial statements and related notes prior to their issuance and have accepted responsibility for them. Further, you are required to designate an individual with suitable skill, knowledge, or experience to oversee any nonaudit services we provide and for evaluating the adequacy and results of those services and accepting responsibility for them.

Management is responsible for establishing and maintaining effective internal controls, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; for the selection and application of accounting principles; and for the fair presentation in the financial statements of the respective financial position of the governmental activities of the DIDA and the respective changes in financial position in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the corporation received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Audit Procedures – General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the

financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures – Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Test of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters hat have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material a weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards.*

Audit Procedures – Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of DIDA's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards.*

Engagement Administration, Fees and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Board of Directors; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Johnson, Mackowiak & Associates, LLP and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to Chautauqua County or its designee or the U.S. Government Accountability Office for the purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Johnson, Mackowiak & Associates, LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date. If we are aware that a federal agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately March 11, 2014 and to issue our report no later than May 30, 2014. Kevin W. Wystup is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be at our standard hourly rates plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) except that we agree that our gross fee, including expenses, will not exceed $1,200. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firms policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2010 peer review report is attached.

We appreciate the opportunity to be of service to the City of Dunkirk Industrial Development Agency and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,

Johnson, Mackowiak & Associates, LLP

JOHNSON, MACKOWIAK & ASSOCIATES, LLP

RESPONSE:

This letter correctly sets forth the understanding of the City of Dunkirk Industrial Development Agency.

By: _____

Title: _____

Date: _____

JMA

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

70 East Main Street
Fredonia, New York 14063

May 30, 2014

To the 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 of the City of Dunkirk Industrial Development Agency ("DIDA") for the year ended December 31, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 1, 2014. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the DIDA are described in Note 1 to the financial statements. During November 2010, GASB issued Statement No. 61 - The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34, effective for the year ending December 31, 2013. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. DIDA implemented Statement No. 61, effective for the fiscal year ending December 31, 2013, with retroactive application for the fiscal year ended December 31, 2012. The adoption of Statement No. 61 had no effect on the City's financial statements.

During March 2012, GASB issued Statement No. 65 - Items Previously Reported as Assets and Liabilities, effective for the year ending December 31, 2013. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. DIDA implemented Statement No. 65,

effective for the fiscal year ending December 31, 2013, with retroactive application for the fiscal year ended December 31, 2012. The adoption of Statement No. 65 had no effect on the DIDA's financial statements.

In March 2012, GASB issued GASB Statement No. 66 - Technical Corrections - 2012 - an amendment of GASB Statement No. 10 and No. 62. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. DIDA implemented Statement No. 66, effective for the fiscal year ending December 31, 2013, with retroactive application for the fiscal year ended December 31, 2012. The adoption of Statement No. 66 had no affect on the DIDA's financial statements. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The DIDA currently did not utilize any particular sensitive estimates at December 31, 2013 or during the year then ended.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We are not aware of any corrections that need to be made to the Corporation's financial statement.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 15, 2014.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management prior to retention as auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

Very truly yours,

Johnson, Mackowiak & Associates, LLP

JOHNSON, MACKOWIAK & ASSOCIATES, LLP

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

May 30, 2014

Johnson, Mackowiak & Associates, LLP
70 East Main Street
Fredonia, New York 14063

This representation letter is provided in connection with your audits of the financial statements of the City of Dunkirk Industrial Development Agency ("DIDA"), which comprise the respective financial position of the governmental activities and each major fund of the DIDA as of December 31, 2013, and the respective changes in financial position for the period then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to 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).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of May 30, 2014, the following representations made to you during your audit.

Financial Statements

1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 10, 2014.

2) The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the corporation required by generally accepted accounting principles to be included in the financial reporting entity.

3) We acknowledge our responsibility 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.

4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5) Significant assumptions we used in making accounting estimates are reasonable.

6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

7) 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. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

8) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.

9) Guarantees, whether written or oral, under which DIDA is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

10) 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 entity from whom you determined it necessary to obtain audit evidence.

d) Minutes of the meetings of DIDA or summaries of actions of recent meetings for which minutes have not yet been prepared.

11) All material transactions have been recorded in the accounting records and are reflected in the financial statements.

12) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
a) Management,

b) Employees who have significant roles in internal control, or

c) Others where the fraud could have a material effect on the financial statements.

14) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.

15) We have disclosed to you all known instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

16) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

17) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Entity—specific

18) We have made available to you all financial records and related data.

19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

21) DIDA has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

22) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.

23) There are no violations or possible violations of budget ordinances, laws and regulations, provisions of contracts and grant agreements, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

24) As part of your audit, you assisted with preparation of the financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related.

25) DIDA has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

26) DIDA has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

27) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.

28) The financial statements properly classify all funds and activities.

29) All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

30) Components of net assets (net investment in capital assets; restricted; and unrestricted) and equity amounts are properly classified and, if applicable, approved.

31) Investments and derivative instruments are properly valued.

32) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.

33) Revenues are appropriately classified in the statement of activities.

34) Interfund, internal, and intra-entity activity and balances, if any, have been appropriately classified and reported.

35) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.

36) Capital assets, including intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

37) We have appropriately disclosed DIDA's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available and have determined that net assets were properly recognized under the policy.

38) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signed: _____ Signed: _____

Title: _____ Title: _____