

Troy Local Development Corporation

Financial Statements

December 31, 2013 and 2012

Troy Local Development Corporation

Financial Statements

December 31, 2013 and 2012

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Independent Auditor's Report

Board of Directors
Troy Local Development Corporation
Troy, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Troy Local Development Corporation (TLDC) which comprise the statement of net position as of December 31, 2013, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 opinion.

Opinion

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

Other Matters

Prior Year Financial Statements

The financial statements of the Troy Local Development Corporation, as of and for the year ended December 31, 2012, were audited by Bollam, Sheedy, Torani & Co. LLP which merged with Sax Macy Fromm & Co., PC to form SaxBST LLP on January 1, 2014. Bollam, Sheedy, Torani & Co. LLP's report dated March 29, 2013, expressed an unmodified opinion on those statements.

Required Supplementary Information

Management has omitted the management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the TLDC's basic financial statements. The schedule of indebtedness is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of indebtedness is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of indebtedness is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2014, on our consideration of the TLDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the TLDC's internal control over financial reporting and compliance.

SaxBST LLP

Albany, New York
March 28, 2014



Troy Local Development Corporation

Statements of Net Position

	December 31,	
	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,106,118	\$ 2,465,963
Cash and cash equivalents, restricted	257,598	437,176
Accounts receivable, net	17,437	18,705
Due from other governments	-	119,224
Loans receivable, current installments, net	15,048	200,000
Prepaid expenses	43,555	28,609
Total current assets	2,439,756	3,269,677
PROPERTY HELD FOR DEVELOPMENT AND RESALE, net	2,854,678	2,791,766
LOANS RECEIVABLE, less current installments, net	368,097	229,837
	\$ 5,662,531	\$ 6,291,280
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 87,432	\$ 155,280
Accrued interest	43,762	46,539
Due to other governments	-	6,037
Deferred grant revenue	163,295	274,870
Loan payable, current installments	167,000	167,000
Total current liabilities	461,489	649,726
LOAN PAYABLE, less current installments	1,998,000	2,165,000
COMMITMENTS AND CONTINGENCIES		
NET POSITION		
Restricted	436,485	437,176
Unrestricted	2,766,557	3,039,378
	3,203,042	3,476,554
	\$ 5,662,531	\$ 6,291,280

See accompanying Notes to Financial Statements.

Troy Local Development Corporation

Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended December 31,	
	2013	2012
OPERATING REVENUES		
State and federal grants	\$ 111,575	\$ 114,127
Rental income	169,311	189,961
	280,886	304,088
OPERATING EXPENSES		
Depreciation	8,563	5,759
Insurance	29,975	19,056
Other	2,131	600
Marketing	5,000	3,417
Professional fees, accounting	11,957	9,680
Professional fees, engineering	16,983	-
Professional fees, legal	91,246	28,577
Professional fees, other	21,863	-
Property taxes	17,727	56,960
Repairs and maintenance	28,249	2,105
Utilities	21,799	8,253
Economic development grants	146,330	-
Bad debts	68,094	-
	469,917	134,407
Operating income (loss)	(189,031)	169,681
NONOPERATING REVENUE (EXPENSE)		
Pass-through grant proceeds	34,875	119,224
Pass-through grant expenses	(34,875)	(119,224)
Interest expense	(109,306)	(115,986)
Interest income	21,315	18,663
Remediation license	-	2,500,000
Miscellaneous income	3,510	30
	(84,481)	2,402,707
CHANGES IN NET POSITION	(273,512)	2,572,388
NET POSITION, <i>beginning of year</i>	3,476,554	904,166
NET POSITION, <i>end of year</i>	\$ 3,203,042	\$ 3,476,554

See accompanying Notes to Financial Statements.

Troy Local Development Corporation

Statements of Cash Flows

	Years Ended December 31,	
	2013	2012
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Receipts from customers	\$ 277,322	\$ 200,528
Payments to vendors	(482,091)	(128,488)
	(204,769)	72,040
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Loan advances	(267,695)	(200,000)
Loan repayments	258,774	5,826
Interest received	24,825	18,693
	15,904	(175,481)
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		
Decrease in restricted cash	179,578	285,316
Purchase of capital assets	(71,475)	(157,865)
Payment on loan payable	(167,000)	(167,000)
Interest paid	(112,083)	(115,986)
	(170,980)	(155,535)
CASH FLOWS PROVIDED (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Remediation license proceeds	-	2,500,000
	(359,845)	2,241,024
Net increase (decrease) in cash and cash equivalents		
	(359,845)	2,241,024
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	2,465,963	224,939
CASH AND CASH EQUIVALENTS, <i>end of year</i>	\$ 2,106,118	\$ 2,465,963
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (189,031)	\$ 169,681
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	8,563	5,759
Bad debts	68,094	-
Changes in operating assets and liabilities		
Accounts receivable	(11,213)	10,567
Prepaid expenses	(14,946)	(25,621)
Due from other governments	119,224	(119,224)
Accounts payable and accrued expenses	(67,848)	138,968
Deferred revenue	(111,575)	(114,127)
Due to other governments	(6,037)	6,037
	\$ (204,769)	\$ 72,040

See accompanying Notes to Financial Statements.

Troy Local Development Corporation

Notes to Financial Statements
December 31, 2013 and 2012

Note 1 - Organization and Summary of Significant Accounting Policies

a. Organization and Purpose

The Troy Local Development Corporation (TLDC), a private not-for-profit corporation, was established in 1987 for the purposes of constructing, acquiring, rehabilitating, and improving buildings or sites in the City of Troy, New York (City), or to assist financially in the construction, acquisition, rehabilitation, and improvement of buildings or sites within the City, and to foster employment opportunities for City residents, including business retention and attraction, and job creation and retention.

The TLDC is a public instrumentality of and supporting organization for, but is separate and apart from, the City.

b. Basis of Accounting and Financial Statement Presentation

The TLDC's financial statements are prepared using the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and financial reporting treatment applied to the TLDC is determined by its measurement focus. The transactions of the TLDC are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the statement of net position.

Net position is presented in the following categories:

Restricted - Consists of unexpended program funds, program receivables, and program income.

Unrestricted - Consists of all other net position not meeting the definition of restricted net position.

c. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

d. Receivables

Accounts receivable consist of amounts due from lessees based on rental agreements.

Loans receivable are carried at the original loan amount less payments of principal received. Accrued interest income is reported for loan interest earned but not received at year end.

The TLDC determines any allowance for doubtful accounts by regularly evaluating individual receivables and considering financial condition, credit history, and current economic conditions. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. The allowance for doubtful accounts is \$64,869 and \$1,000 at December 31, 2013 and 2012, respectively.

Troy Local Development Corporation

Notes to Financial Statements
December 31, 2013 and 2012

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

e. Property Held for Development and Resale

Property held for development and resale is recorded at cost. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas remediation, maintenance, and repair costs are expensed as incurred. When capital assets are retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resultant gain or loss is credited or charged to the change in net position.

Depreciation is provided for in amounts to relate the cost of depreciable assets to operations over their estimated useful lives on a straight-line basis using an estimated life of forty years.

Recognition of impairment of property held for development and resale is required when events and circumstances indicate that an entity will not be able to recover the carrying amount of these assets. The TLDC recognizes an impairment loss, equal to the amount by which the carrying amount of an asset exceeds its fair value, if the carrying amount of the asset is not recoverable, and the carrying amount of the asset exceeds its fair value. During the years ended December 31, 2013 and 2012, no impairment loss is recognized.

f. Revenue Recognition

Revenues are recognized when earned, and expenses are recognized when incurred. The TLDC distinguishes operating revenues and expenses from non-operating items. Operating revenues are determined based on the services provided by the TLDC. Operating expenses include the costs associated with providing those services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Deferred revenue represents funds passed through from the City as part of the City's Brownfield Economic Development Initiative (BEDI) Grant. Revenue is recognized as funds are expended in accordance with the BEDI program initiatives.

g. Tax Status

The TLDC is exempt from income taxes as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and comparable New York State law. Accordingly, no provisions have been made for income taxes in these financial statements.

h. Grant Activity

The TLDC was a recipient of a pass-through grant in both 2013 and 2012. The Main Street Grant Program is administered by the New York State Housing Trust Fund. Grant proceeds are remitted to the TLDC and passed to eligible business for land and area improvements on a reimbursement basis. During the years ended December 31, 2013 and 2012, \$34,875 and \$119,224, respectively, was awarded through the program.

i. New Accounting Pronouncements

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. 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. This statement also provides financial reporting guidance related to the impact of the financial statements elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of major fund calculations and limiting the use of the term deferred in the financial statements.

Troy Local Development Corporation

Notes to Financial Statements
December 31, 2013 and 2012

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

i. New Accounting Pronouncements - Continued

GASB Statement No. 66, *Technical Corrections*. This statement establishes clarifications on two recently issued 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*. This statement resolves conflicting guidance created as a result of the issuance of these two statements.

The TLDC adopted GASB Statements No. 65 and No. 66 as of January 1, 2013, and there was no significant impact to the financial statements.

j. Reclassifications

Certain reclassifications were made to the prior year amounts in order to conform to the current year presentation.

k. Subsequent Events

The TLDC has evaluated subsequent events for potential recognition or disclosure through March 28, 2014, the date the financial statements were available to be issued.

Note 2 - Cash and Cash Equivalents

The TLDC's investment policies are governed by New York State statutes. In addition, the TLDC has its own written investment policy. The TLDC monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. The TLDC is authorized to use demand accounts, money market accounts, and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and obligations of New York State and its localities.

Collateral is required for demand deposits and certificates of deposit. Certificates of deposit purchased with a maturity of three months or less are considered cash equivalents. Obligations that may be pledged as collateral are obligations of the United States and its agencies or the State and its municipalities and school districts.

The TLDC considers all short-term securities purchased with a maturity of three months or less to be cash equivalents.

Cash and cash equivalents at December 31, 2013 and 2012, consisted of demand accounts of \$2,363,716 and \$2,903,139, respectively, which were fully insured or collateralized.

Restricted cash consists of BEDI funds held for use in acquiring property within the City, assistance with clean-up of environmental contamination, and preparation of sites for commercial redevelopment (Note 5).

Note 3 - Loans Receivable

The TLDC administers an economic development loan program with the primary objective of stimulating the City's economic base in order to create new job opportunities. Loans are made to eligible borrowers meeting targeted economic criteria at market interest rates.

Troy Local Development Corporation

Notes to Financial Statements
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Note 3 - Loans Receivable - Continued

Loans made under the program are generally collateralized by machinery, equipment, or real property of the borrower. Certain loans require fixed monthly payments while others are due in one lump sum payment.

A summary of the loans receivable is as follows:

	December 31,	
	2013	2012
Loan receivable	\$ 383,145	\$ 429,837
Less current installments	15,048	200,000
	\$ 368,097	\$ 229,837

A summary of estimated future maturities is as follows:

For the year ending December 31,	
2014	\$ 15,048
2015	195,225
2016	12,733
2017	13,485
2018	11,480
Thereafter	135,174
	\$ 383,145

Note 4 - Property Held for Development and Resale

The TLDC has acquired various parcels in the City to promote future economic growth and assist in revitalization of the City.

A summary property held for development and resale is as follows:

	December 31,	
	2013	2012
Land	\$ 2,498,068	\$ 2,498,068
Buildings	386,079	314,604
	2,884,147	2,812,672
Less accumulated depreciation	29,469	20,906
Capital assets, net	\$ 2,854,678	\$ 2,791,766

Troy Local Development Corporation

Notes to Financial Statements December 31, 2013 and 2012

Note 5 - Loan Payable

During 2008, the TLDC entered into a loan agreement with the City for \$3,000,000 to be used for property acquisition and economic development. The agreement calls for semi-annual interest payments and annual principal payments to the City as billed by the United States Department of Housing and Urban Development (HUD) Section 108 loan authorization pursuant to the BEDI. The loan matures in August 2026.

A summary of the loan payable is as follows:

Loan payable	\$ 2,165,000
Less current installments	<u>167,000</u>
	<u>\$ 1,998,000</u>

A summary of future principal payments and estimated interest payments is as follows:

	<u>Principal</u>	<u>Interest</u>
For the year ending December 31,		
2014	\$ 167,000	\$ 105,257
2015	167,000	98,343
2016	167,000	91,112
2017	167,000	83,631
2018 through 2022	835,000	299,816
2023 through 2026	<u>662,000</u>	<u>87,145</u>
	<u>\$ 2,165,000</u>	<u>\$ 765,304</u>

Interest expense for the years ended December 31, 2013 and 2012, was \$109,306 and \$115,986, respectively.

Note 6 - Rental Income

The TLDC has three active lease agreements arising from the leasing of property owned by the TLDC. Monthly lease payments are between \$1,000 and \$5,500 per month and terms range from 5 to 15 years with renewal options.

A summary of future minimum rental payments due to the TLDC under operating lease agreements is as follows:

For the year ending December 31,	
2014	\$ 174,000
2015	186,000
2016	192,000
2017	66,000
Thereafter	<u>396,000</u>
	<u>\$1,014,000</u>

Troy Local Development Corporation

Notes to Financial Statements December 31, 2013 and 2012

Note 7 - Commitments and Contingencies

a. *Environmental Risks*

The TLDC is developing and implementing a plan for pollution remediation and site development on the King Fuel properties with assistance from the New York State Department of Environmental Conservation and National Grid. Preliminary testing and clean-up efforts began in late 2007 and are expected to continue for several years. The TLDC funding assistance has been provided through the BEDI grant and loan funds.

During 2012, the TLDC negotiated a remediation license agreement for \$2,500,000 with National Grid. The agreement provides the TLDC with financial assistance on the King Fuel parcels for reimbursement of the TLDC funds, demolition, and site development.

b. *Consulting Agreement*

During 2013, the TLDC entered into an economic development services agreement with a third party. The agreement provides that the consultant will perform various economic development services on behalf of the TLDC through December 31, 2014. The agreement provides for quarterly payments to the consultant of \$25,000.

c. *Program and Loan Commitments*

During 2013, the TLDC approved various applications for funding under its loan and grant programs. Funding of the approved amounts is dependent upon the applicant meeting various documentation requirements. Subsequent to year end, the TLDC funded several of its program commitments entered into during 2013.

Note 8 - Accounting Standard Issued But Not Yet Implemented

GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this statement.

The scope of this statement also addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through pension plans that are administered through trusts that have certain characteristics as defined in the statement. It establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. This statement is effective for periods beginning after June 15, 2014, with early implementation encouraged.

Troy Local Development Corporation

Notes to Financial Statements
December 31, 2013 and 2012

Note 8 - Accounting Standard Issued But Not Yet Implemented - Continued

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement established accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement provides specific accounting and financial reporting guidance for combinations in this environment and improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement provides financial reporting and disclosure guidance to those governments that extend and receive nonexchange financial guarantees, thereby enhancing comparability of financial statements among governments.

Management has not estimated the extent of the potential impact of these statements on the TLDC's financial statements.

**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**

Board of Directors
Troy Local Development Corporation
Troy, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of net position of the Troy Local Development Corporation (TLDC), as of December 31, 2013, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 28, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the TLDC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 13-01.

The TLDC's Response to Finding

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the TLDC'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 TLDC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SaxBST LLP

Albany, New York
March 28, 2014

TROY LOCAL DEVELOPMENT CORPORATION

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended December 31, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Modified

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None Reported

Noncompliance material to financial statements? _____ Yes X No

Section II - Financial Statement Findings

None.

Section III - Compliance Findings

13-01. Posting and Maintaining Reports on Public Authority Websites

Criteria: The New York State Authority Budget Office (ABO) issued Policy Guidance on April 12, 2010, in response to The Public Authorities Reform Act (PARA) of 2009. This guidance states that public authorities are required to make certain information available to the public through the internet.

Condition: The TLDC is not in compliance with PARA requirements.

Effect: The TLDC is missing specific information required by PARA.

Cause: The TLDC did not oversee proper maintenance of a shared website.

Recommendation: Using available ABO guidance, the TLDC should update its website and schedule periodic maintenance and review to ensure required information is available to the public in a timely manner.

View of Responsible Officials: The TLDC will review the guidance of required documentation and will update missing items.