

TOWN OF ERWIN COMMUNITY DEVELOPMENT AGENCY

FINANCIAL STATEMENTS

DECEMBER 31, 2011

TOWN OF ERWIN COMMUNITY DEVELOPMENT AGENCY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Town of Erwin Community Development Agency
Painted Post, NY

We have audited the accompanying statement of net assets of the Town of Erwin Community Development Agency as of December 31, 2011, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Town of Erwin Community Development Agency as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management has omitted management's discussion and analysis 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 be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on basic financial statements is not affected by this missing information.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2012, on our consideration of the Town of Erwin Community Development Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

EFP Rotenberg, LLP

EFP Rotenberg, LLP
Rochester, New York
March 29, 2012

TOWN OF ERWIN COMMUNITY DEVELOPMENT AGENCY
Statement of Net Assets
December 31, 2011

ASSETS

Assets

Cash and cash equivalents	\$ 50,266
Certificate of deposit	107,650
Property and equipment - net	<u>20,764</u>

Total Assets

\$ 178,680

NET ASSETS

Liabilities

Accrued liabilities	\$ 4,052
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Net Assets

174,628

Total Net Assets

\$ 178,680

The accompanying notes are an integral part of these financial statements.

TOWN OF ERWIN COMMUNITY DEVELOPMENT AGENCY
Statement of Activities
For the Year Ended December 31, 2011

Revenues	
Grant income	\$ 23,620
Rental income	12,800
Interest income	1,249
Refund of prior year expenditures	3,069
Interfund transfers	<u>253,884</u>
Total revenues	<u>294,622</u>
Expenses	
Salaries	272,152
Employee benefits	15,456
Depreciation	1,980
Other expense	<u>26,848</u>
Total expenses	<u>316,436</u>
Change in Net Assets	(21,814)
Net Assets - Beginning	<u>196,442</u>
Net Assets - Ending	<u>\$ 174,628</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF ERWIN COMMUNITY DEVELOPMENT AGENCY
Statement of Cash Flows
For the Year Ended December 31, 2011

Cash Flows from Operating Activities	
Proceeds from grants	\$ 23,620
Interest received	1,249
Interfund transfers	253,884
Other receipts	15,869
Payments of salaries and employee benefits	(295,737)
Payments of other expenses	<u>(26,848)</u>
Net cash flows from operating activities	<u>(27,963)</u>
Cash Flows from Investing Activities	
Change in certificate of deposit	<u>(1,226)</u>
Net Change in Cash and Cash Equivalents	(29,189)
Cash and Cash Equivalents - Beginning	<u>79,455</u>
Cash and Cash Equivalents - Ending	<u>\$ 50,266</u>
Reconciliation of Change in Net Assets to Net Cash Flows from Operating Activities	
Change in net assets	\$ (21,814)
Adjustments	
Depreciation	1,980
Changes in assets and liabilities	
Due from other governments	5,600
Due to other governments	(17,781)
Accrued liabilities	<u>4,052</u>
Net cash flows from operating activities	<u>\$ (27,963)</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF ERWIN COMMUNITY DEVELOPMENT AGENCY
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies and Nature of Organization

Nature of the Organization - The Town of Erwin Community Development Agency (the Organization) is a local development corporation created August 1, 1975 pursuant to Article 15-B, Title 87 of New York State General Municipal Law. The purpose of the Organization is to accomplish any or all of the purposes specified in Article XV and XV-A of General Municipal Law. The Organization is a governmental agency separate and distinct from the Town of Erwin, New York (the Town), however, it functions as the Town's Community Development Department. The Organization has a board consisting of the Town supervisor and four members of the Town Board, and is included in the Annual Update Document prepared by the Town and filed with New York State.

The Town provides funding to the Organization through interfund transfers which are recorded in revenue as received.

The Town participates in the New York State and Local Employee' Retirement System, a cost-sharing multiple-employer retirement system. The retirement contributions for personnel of the Organization covered through the system are provided by the Town at no cost to the Organization. Most employee benefits and all payroll taxes are also paid by the Town.

The Organization rents its offices on a month-to-month basis from the Town at a cost of \$1,000 per month. The Organization also periodically rents a building to the Town on a month-to-month basis.

Method of Accounting - The Organization maintains its books and prepares its financial statements on the accrual basis of accounting.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.

Cash and Cash Equivalents - For purposes of the statements of financial position and statements of cash flows, cash and cash equivalents includes commercial paper, cash in money market funds, certificates of deposit, and all highly liquid investments with original maturities of three months or less. The Organization maintains cash and cash equivalents at financial institutions which periodically may exceed federally insured limits.

Investment Policy - The Organization has an investment policy approved by the Board of Directors that defines permitted investments and establishes collateralization requirements for all investments.

Property and Equipment - Property and equipment is stated at the lower of cost or fair market value at the date of purchase, less accumulated depreciation. Routine maintenance and repairs are charged to operations as they are incurred. Expenditures which extend the useful life of an asset in excess of \$500 are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are eliminated and the resulting gain or loss, if any, is included in operations. Depreciation is computed using the straight-line method over the following estimated useful lives.

Land	Not depreciable
Building	25 Years

Depreciation expense amounted to \$1,980 for the year ended December 31, 2011.

TOWN OF ERWIN COMMUNITY DEVELOPMENT AGENCY
Notes to Financial Statements

Other Expenses - The Organization has costs in the other expense account category relating to two capital projects for the Gang Mills Sidewalk and Bike Lane project and the Safe Routes to School project. These projects are both federally funded projects passed through the New York State Department of Transportation and when the projects are completed they will be owned by the Town. During the year ended December 31, 2011, the Organization received \$23,620 in federal funds for this project.

Note 2. Property and Equipment

Property and equipment consisted of the following at December 31, 2011:

Land	\$ 5,500
Building	<u>49,500</u>
Sub-total	55,000
Less - accumulated depreciation	<u>(34,236)</u>
Property and equipment - net	<u>\$ 20,764</u>



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

The Board of Directors
Town of Erwin Community Development Agency
Painted Post, New York

We have audited the financial statements of the Town of Erwin Community Development Agency as of and for the year ended December 31, 2011, and have issued our report thereon dated March 29, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Erwin Community Development Agency's internal control over financial reporting as a basis for designing our auditing procedures 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 Town of Erwin Community Development Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Erwin Community Development Agency's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Directors and management of the Town of Erwin Community Development Agency and is not intended to be and should not be used by anyone other than these specified parties.

EFP Rotenberg, LLP

EFP Rotenberg, LLP
Rochester, New York
March 29, 2012