

TOWN OF UNION  
LOCAL DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2016

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 2016

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*Officers:*

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Roy E. Fuller, CPA  
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Angelo J. Gallo, CPA  
Richard A. Lynch, CPA  
Amy E. Brown, CPA\*  
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Established in 1955

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Philip M. Piaker, CPA  
(1921-2009)

Abraham L. Piaker, CPA  
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\*Also Licensed in Pennsylvania  
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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Town of Union Local Development Corporation  
Endwell, New York

### Report on the Financial Statements

We have audited the accompanying financial statements of **TOWN OF UNION LOCAL DEVELOPMENT CORPORATION** (a nonprofit organization), a component unit of the Town of Union, which comprise of the statements of net position as of December 31, 2016 and 2015, and the related statements of activities and changes in net position, and cash flows for the years 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 of 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.

# Piaker & Lyons

The Board of Directors  
Town of Union Local Development Corporation

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Town of Union Local Development Corporation as of December 31, 2016 and 2015, and the related statements of activities and changes in net position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of loans receivable on page 9 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 24, 2017 on our consideration of Town of Union Local Development Corporation'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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Union Local Development Corporation's internal control over financial reporting and compliance.

  
PIAKER & LYONS, P.C.

Binghamton, New York  
March 24, 2017

**TOWN OF UNION LOCAL DEVELOPMENT CORPORATION**  
**STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 1,449,026	\$ 1,735,846
Loans Receivable - Current Portion (Net of Reserve for Doubtful Loans of \$45,373 and \$22,687 in 2016 and 2015, Respectively)	139,578	116,130
Accounts Receivable	2,159	16,276
Grant Receivable	8,751	-
Prepaid Expense	<u>3,253</u>	<u>3,784</u>
<b>Total Current Assets</b>	1,602,767	1,872,036
<b>Other Assets</b>		
Loans Receivable - Non-Current Portion	<u>871,485</u>	<u>616,572</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,474,252</u>	<u>\$ 2,488,608</u>
<b>Current Liabilities</b>		
Accounts Payable	\$ 892	\$ 1,176
Accrued Liabilities	1,267	15,101
Compensated Absences - Current Portion	<u>2,505</u>	<u>3,761</u>
<b>Total Current Liabilities</b>	4,664	20,038
<b>Long - Term Liabilities</b>		
Compensated Absences, Net of Current Portion	<u>25,518</u>	<u>23,715</u>
<b>Total Liabilities</b>	<u>30,182</u>	<u>43,753</u>
<b>Net Position</b>		
Unrestricted	1,015	364
Restricted	<u>2,443,055</u>	<u>2,444,491</u>
<b>Total Net Position</b>	<u>2,444,070</u>	<u>2,444,855</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 2,474,252</u>	<u>\$ 2,488,608</u>

See the accompanying notes to financial statements.

**TOWN OF UNION LOCAL DEVELOPMENT CORPORATION**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>Operating Revenues</b>		
Federal Aid - CDBG	\$ 99,083	\$ 112,497
CDBG Loan Interest	21,752	27,678
UDAG Loan Interest	-	95
Miscellaneous Income	650	509
Contributed Revenue - Town of Union	<u>4,386</u>	<u>3,655</u>
<b>Total Operating Revenues</b>	<u>125,871</u>	<u>144,434</u>
<b>Operating Expenses</b>		
Salaries	70,142	71,465
Administration Fees	4,431	4,868
Employee Benefits	20,892	21,976
Occupancy	4,386	3,655
Audit	3,600	3,600
Marketing Expense	-	3,764
Legal Fees	1,370	770
Provision for Loan Losses	<u>22,686</u>	<u>22,687</u>
<b>Total Operating Expenses</b>	<u>127,507</u>	<u>132,785</u>
<b>Operating Income (Loss)</b>	(1,636)	11,649
<b>Non-Operating Revenue</b>		
Other Interest Income	<u>851</u>	<u>842</u>
<b>Change in Net Position</b>	(785)	12,491
<b>Net Position - Beginning of Year</b>	<u>2,444,855</u>	<u>2,432,364</u>
<b>Net Position - End of Year</b>	<u>\$ 2,444,070</u>	<u>\$ 2,444,855</u>

See the accompanying notes to financial statements.

**TOWN OF UNION LOCAL DEVELOPMENT CORPORATION**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>Cash Flows From Operating Activities</b>		
Cash Received from Providing Services	\$ 139,988	\$ 144,272
Cash Payments for Contractual Expenses	(126,612)	(108,912)
Cash Advances to Loan Program Recipients	(438,849)	(34,125)
Cash Received from Loan Program Repayments	<u>137,802</u>	<u>237,663</u>
 Net Cash Provided (Used In) By Operating Activities	 (287,671)	 238,898
 <b>Cash Flows From Investing Activities:</b>		
Interest Income	<u>851</u>	<u>842</u>
 Increase (Decrease) In Cash	 (286,820)	 239,740
 Cash at Beginning of Year	 <u>1,735,846</u>	 <u>1,496,106</u>
 Cash at End of Year	 <u>\$ 1,449,026</u>	 <u>\$ 1,735,846</u>
 <b>Reconciliation of Operating Income to Net Cash</b>		
<b>Provided By Operating Activities:</b>		
Operating Income (Loss)	\$ (1,636)	\$ 11,649
Adjustments to Reconcile to Net Cash Provided By Operating Activities:		
Increase (Decrease) in Allowance for Loan Losses	22,686	22,687
Changes in Operating Assets and Liabilities:		
Loans Receivable	(301,047)	203,538
Accounts Receivable	14,117	(162)
Grant Receivable	(8,751)	-
Accounts Payable	(284)	(1,170)
Prepaid Expense	531	(103)
Compensated Absences	547	1,164
Accrued Liabilities	<u>(13,834)</u>	<u>1,295</u>
 Net Cash Provided (Used In) By Operating Activities	 <u>\$ (287,671)</u>	 <u>\$ 238,898</u>

See the accompanying notes to financial statements.

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2016

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **Operations** - The Town of Union Local Development Corporation (LDC) was established to aid the Town of Union in growth and development of business concerns by encouraging the location of industrial, manufacturing and commercial capacity, and the creation of new and improved job opportunities and retention of existing jobs within the geographic boundaries of the Town of Union.

B. **Revenue and Expense Recognition** - The LDC is a nonprofit corporation and is a component unit of the Town of Union. The LDC operates as a proprietary fund (a business-type activity), distinguishing operating revenues and expenses from non-operating items. Operating revenues are mostly comprised of grant, government subsidy, and interest revenue resulting from exchange transactions associated with the principal activities of the Corporation. Operating expenses generally result from general and administrative expenses in accordance with the Corporation's mission. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses. Revenues are recognized when earned and expenses are recorded when the liability is incurred or an economic asset is used.

LDC is funded principally through grants from the Town of Union Community Development Block Grant Program (CDBG). LDC recognizes the grant funds from CDBG when received, which coincides with the disbursement of funds by LDC for various operation expenses and new loans.

LDC also receives revenue in the form of repayments on loans from the Urban Development Action Grant Program (UDAG) and grants from the Town of Union's (UDAG) program. Program income generated from CDBG and UDAG loans is recognized as revenue when received.

The Town of Union contributes office space to the LDC for its operations. The accompanying financial statements include amounts for this contributed service, which as of December 31, 2016 and 2015 was valued at approximately \$4,386 and \$3,655 by management, respectively.

C. **Basis of Accounting and Presentation** - As a proprietary fund, the financial statements of the LDC have been prepared on the accrual basis of accounting and are presented utilizing an "economic resources" measurement focus as prescribed under the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards Part II, Section P80, *Proprietary Fund Accounting and Financial Reporting*. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net position under the following components:

**Net Investment in Capital Assets** - Represents capital assets, including restricted capital assets, net of accumulated depreciation. The LDC has no capital assets as of December 31, 2016 and 2015.

**Restricted Net Position** - Represents net position with constraints placed on either their use by either (1) external groups such as creditors or laws or regulations of other governments; or by (2) law through constitutional provisions or enabling legislation. None of the LDC's restricted arise from endowments. For this reason, all restricted are considered expendable.

**Unrestricted Net Position** - Represents all other assets that do not meet the definition of net investment in capital assets or restricted net position.

It is the LDC's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.



**TOWN OF UNION LOCAL DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Federal Income Taxes** - The LDC is tax exempt under Section 501(c)(3) of the Internal Revenue Code. Accordingly, it is not liable for income taxes or federal unemployment insurance. The LDC files annual informational returns to the Internal Revenue Service (Form 990) and to New York State Department of Law (Office of the Attorney General) (Form CHAR500). The LDC has not been informed of any tax examinations by either the Internal Revenue Service or New York State.

**E. Cash and Cash Equivalents** - The LDC considers short-term, highly liquid investments with original maturities of three months or less to be cash equivalents.

**F. Compensated Absences** - The LDC utilizes employees of the Town of Union. The amount shown as of December 31, 2016 and 2015, represent unused vacation pay and sick leave as allowed per the Town's personnel policy.

**G. Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles 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.

**H. Reserve for Doubtful Loans** - The LDC follows the policy of providing currently for bad debts in order to maintain an adequate reserve for anticipated losses. Management anticipates certain loan receivables are doubtful as to collection and therefore, established a reserve for doubtful loans receivable of \$45,373 and \$22,687 at December 31, 2016 and 2015 respectively. Accounts receivable are stated at the amount management expects to collect.

**I. Subsequent Events** - The LDC has evaluated events and transactions that occurred between January 1, 2017 and March 24, 2017, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

**NOTE 2 - LOANS RECEIVABLE**

Loan Transactions are summarized as follows:

	<u>2016</u>	<u>2015</u>
Loans Receivable Balance, Beginning of Period	\$ 755,389	\$ 958,927
<b>Year Ended December 31, Activity:</b>		
Loan Advances	438,849	34,125
Principal Repayment	<u>(137,802)</u>	<u>(237,663)</u>
<b>Loans Receivable Balance, End of the Period</b>	<b>1,056,436</b>	<b>755,389</b>
Less: Reserve for Doubtful Loans	(45,373)	(22,687)
Less: Current Portion of Loans Receivable	<u>(139,578)</u>	<u>(116,130)</u>
<b>Long-Term Portion of Loans Receivable</b>	<b><u>\$ 871,485</u></b>	<b><u>\$ 616,572</u></b>

The principal balance at December 31, 2016 includes \$398,000 loaned from Community Development Block Grant (CDBG) funds and \$40,849 in Urban Development Action Grant (UDAG) repayment funds.

**TOWN OF UNION LOCAL DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 3 - CONCENTRATION OF CREDIT RISK**

Financial instruments, which potentially subject the LDC to concentrations of credit risk, consist of deposits with a single financial institution, cash in excess of FDIC insurance, and loans receivable. The LDC generally places its cash and investments with quality financial institutions and collateralizes cash deposits in excess of FDIC coverage with obligations of the United States and its agencies. Furthermore, the Federal Deposit Insurance Corporation (FDIC) provided coverage up to \$250,000 per depositor, on non interest bearing accounts, through December 31, 2016.

Concentrations of credit risk with respect to loans receivable are limited due to the large number of loans and the dispersion across many different industries. Also, the LDC requires security to support the loan receivable.

**NOTE 4 - COMMITMENTS AND CONTINGENCIES**

The LDC has approved various development loan commitments as of December 31, 2016. Such commitments will be funded upon the satisfaction of all loan provisions by the applicants and the availability of funds at the time of closing the loan.

**NOTE 5 - TOWN OF UNION AGREEMENT**

The LDC has an agreement with the Town of Union, regarding the use of CDBG funds for various economic development programs. The agreement was for the period October 1, 2014 through September 30, 2016. The agreement was renewed during 2015 through October 31, 2017. Either party is able to terminate without cause upon 30 days written notice. Upon termination, all loans related to funds allocated by CDBG Program become the property of the Town of Union and the LDC shall assign to the Town related security interest.

**NOTE 6 - GRANT RECEIVABLE**

In May 2016 the LDC received an initial award notice from the New York Department of State totaling \$10,000 for the reimbursement of costs associated with the Washington Avenue CBD Beautification Project. As of December 31, 2016, the LDC has incurred costs of \$8,751 on the project. Accordingly, the LDC has recognized \$8,751 from the award as of December 31, 2016.

**NOTE 7 - NEW PRONOUNCEMENT**

The Corporation has adopted Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP) and reduce the GAAP hierarchy to two categories of authoritative GAAP and address the use of authoritative and nonauthoritative literature.

TOWN OF UNION LOCAL DEVELOPMENT CORPORATION  
SCHEDULE OF LOANS RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Loan Principal Balance as of 01/01/16	Advances	Year Ended December 31, 2016 Repayments	Write-Offs	Loan Principal Balance as of 12/31/16
<b><u>CDBG Loans:</u></b>					
402 Airport Rd. Holding, LLC	\$ -	\$ 60,000	\$ 918	\$ -	\$ 59,082
500 North Street, LLC	50,160	-	6,997	-	43,163
Binghamton Brewing Company	5,085	-	5,085	-	-
Connolly Companies, LLC	107,395	-	8,281	-	99,114
Engineering Manufacturing Tech	244,766	-	67,093	-	177,673
Jewels of Java, LLC	46,601	-	5,508	-	41,093
Lopez-Edouard, Diane (Unforgettable Parties)	18,367	-	6,591	-	11,776
New Vision Industries, Inc.	141,124	-	12,333	-	128,791
The North Brewery	11,222	-	6,700	-	4,522
Photonix Technologies, Inc.	457	-	457	-	-
Renaissance Realty & Management	-	38,000	2,360	-	35,640
R Spoor Enterprises, LLC	45,373	-	-	-	45,373
Sonostics	-	200,000	-	-	200,000
Southern Tier Leasing, LLC	-	50,000	-	-	50,000
Southern Tier Technologies, LLC	-	50,000	-	-	50,000
T&M Enterprises of Broome County, NY Inc.	35,233	-	3,085	-	32,148
<b>Subtotal CDBG Loans</b>	<b>705,783</b>	<b>398,000</b>	<b>125,408</b>	<b>-</b>	<b>978,375</b>
<b><u>UDAG - Façade Loans</u></b>					
2719-2725 Plaza, LLC	-	40,849	-	-	40,849
Coco Mojo, LLC	4,333	-	-	-	4,333
Fast Eddies Café	8,193	-	3,390	-	4,803
Gobbo Enterprises, LLC	8,365	-	1,825	-	6,540
Sheric Holdings, LLC	28,715	-	7,179	-	21,536
<b>Subtotal UDAG - Façade Loans</b>	<b>49,606</b>	<b>40,849</b>	<b>12,394</b>	<b>-</b>	<b>78,061</b>
<b>Total Loans</b>	<b>\$ 755,389</b>	<b>\$ 438,849</b>	<b>\$ 137,802</b>	<b>\$ -</b>	<b>1,056,436</b>
<b>Less: Reserve for Doubtful Loans</b>					<b>(45,373)</b>
<b>Less: Current Portion Loans Receivable</b>					<b>(139,578)</b>
<b>Long-Term Portion of Loans Receivable</b>					<b>\$ 871,485</b>

See the accompanying notes to financial statements

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**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  
Town of Union Local Development Corporation  
Endwell, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of Union Local Development Corporation (a nonprofit organization), which comprise the statements of net position as of December 31, 2016 and 2015, and the related statements of activities and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 24, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Town of Union Local Development Corporation'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 Town of Union Local Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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.

# Piaker & Lyons

To the Board of Directors  
Town of Union Local Development Corporation

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Union Local Development Corporation'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 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 results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

  
PIAKER & LYONS, P.C.

Binghamton, New York  
March 24, 2017

*Officers:*

James J. Lewis, CPA\*, ABV/CMA  
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## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL

Board of Directors  
Town of Union Local Development Corporation  
Endwell, New York

We have audited management's assertion that Town of Union Local Development Corporation maintained effective internal control over financial reporting as of December 31, 2016 and 2015. The entity's management is responsible for maintaining effective internal control over financial reporting, and for its assertion of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assertion based on our examination.

We conducted our audit in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

An entity's internal control over financial reporting is a process affected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in a reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity, (2) provides reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorization of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

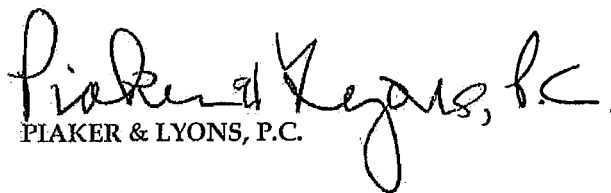
# Piaker & Lyons

To the Board of Directors  
Town of Union Local Development Corporation

In our opinion, management's assertions that Town of Union Local Development Corporation maintained effective internal control over financial reporting as of December 31, 2016 and 2015 is fairly stated, in all material aspects.

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the authority and our report dated March 24, 2017 expressed an unqualified opinion.

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

  
PIAKER & LYONS, P.C.

Binghamton, New York  
March 24, 2017