

TROY LOCAL DEVELOPMENT CORPORATION

**FINANCIAL STATEMENTS
and
INDEPENDENT AUDITOR'S REPORT**

December 31, 2011

TROY LOCAL DEVELOPMENT CORPORATION

**FINANCIAL STATEMENTS
and
INDEPENDENT AUDITOR'S REPORT**

December 31, 2011

C O N T E N T S

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Net Assets	2
Statement of Revenues, Expenses, and Change in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5-9
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	10
Schedule of Findings and Responses	11-13

BOLLAM, SHEEDY, TORANI & CO. LLP
Certified Public Accountants
Albany, New York

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Troy Local Development Corporation
Troy, New York

We have audited the accompanying statement of net assets of the Troy Local Development Corporation (TLDC) as of December 31, 2011, and the related statements of revenues, expenses, and change in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the TLDC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 our audit provides a reasonable basis for our opinion.

As discussed in Note 1f to the financial statements, TLDC's management is unable to estimate the possible impairment, if any, of the historical cost of certain real property. This valuation is required in order to conform with accounting practices described in Note 1b to the financial statements. The effects of this valuation and adjustment, if any, on the TLDC's assets, net assets, and operations for the year ended December 31, 2011, are not readily determinable.

In our opinion, except for the matter described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the TLDC as of December 31, 2011, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2012, on our consideration of the TLDC's internal control over financial reporting and 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 read in conjunction with this report in considering the results of our audit.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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 that 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.

Bollam Sheedy Torani & Co LLP

Albany, New York
May 2, 2012

TROY LOCAL DEVELOPMENT CORPORATION

STATEMENT OF NET ASSETS

**December 31,
2011**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 224,939
Cash and cash equivalents, restricted	722,492
Accounts receivable, net	29,269
Loan receivable, current installments	10,137
Prepaid expense	2,991
Total current assets	<hr/> 989,828

CAPITAL ASSETS, net 2,639,660

LOAN RECEIVABLE, less current installments

225,526

\$ 3,855,014

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 13,981
Accrued interest	48,870
Deferred grant revenue	388,997
Loan payable, current installments	167,000
Total current liabilities	<hr/> 618,848

LOAN PAYABLE, less current installments 2,332,000

COMMITMENTS AND CONTINGENCIES

NET ASSETS, unrestricted

904,166

\$ 3,855,014

TROY LOCAL DEVELOPMENT CORPORATION

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGE IN NET ASSETS**

	Year Ended December 31, 2011
OPERATING REVENUES	
State and federal grants	\$ 116,424
Rental income	112,500
	<u>228,924</u>
OPERATING EXPENSES	
Depreciation	4,709
Excise taxes and fees	2,728
Insurance	8,223
Office and general	28
Permits	1,434
Professional fees, accounting	12,943
Professional fees, legal	49,588
Real estate taxes	1,582
Miscellaneous	150
	<u>81,385</u>
Operating income	<u>147,539</u>
NONOPERATING REVENUE (EXPENSE)	
Pass-through grant proceeds	50,000
Pass-through grant	(50,000)
Interest expense	(121,688)
Interest income	20,804
	<u>(100,884)</u>
CHANGE IN NET ASSETS	46,655
NET ASSETS, <i>beginning of year</i>	<u>857,511</u>
NET ASSETS, <i>end of year</i>	<u><u>\$ 904,166</u></u>

The accompanying Notes to Financial Statements are an integral part of these statements.

TROY LOCAL DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

	Year Ended December 31, 2011
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES	
Receipts from customers	\$ 177,115
Payments to vendors	(155,178)
	<u>21,937</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES	
Proceeds of loan receivable	2,787
Proceeds of pass-through grant	50,000
Payments on pass-through grant	(50,000)
Interest income	20,804
	<u>23,591</u>
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	
Decrease in restricted cash	291,061
Payment on loan payable	(167,000)
Interest expense	(121,688)
	<u>2,373</u>
Net increase in cash and cash equivalents	47,901
CASH AND CASH EQUIVALENTS, <i>beginning of year</i>	<u>177,038</u>
CASH AND CASH EQUIVALENTS, <i>end of year</i>	<u>\$ 224,939</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income	\$ 147,539
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation	4,709
Changes in operating assets and liabilities	
Accounts receivable	64,615
Prepaid expenses	(2,502)
Accounts payable and accrued expenses	(76,000)
Deferred revenue	(116,424)
	<u>\$ 21,937</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

TROY LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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 (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.

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows.

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 (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 assets.

c. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

d. Fair Value Measurement

Fair value is defined as an exchange price that would be received for an asset or paid to transfer a liability (an "exit" price) in the principal or most advantageous market for the asset or liability between market participants on the measurement date.

e. 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 \$1,000 at December 31, 2011.

TROY LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

f. Capital Assets

Capital assets are valued 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 assets.

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 capital assets is required when events and circumstances indicate that an entity will not be able to recover the carrying amount of these assets. The entity should recognize 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. As of the December 31, 2011, the TLDC is unable to make a reasonable estimate of impairment, if any, on its capital assets.

g. 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.

Grant revenue is recognized when received. Deferred revenue represents funds received from the City of Troy as part of the Brownfield's Economic Development Initiative.

h. 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.

i. Subsequent Events

The TLDC has evaluated subsequent events that provide additional evidence about conditions that existed at the financial statement date through May 2, 2012, 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. 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 in excess of FDIC coverage. 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.

Cash and cash equivalents at December 31, 2011, consisted of demand accounts of \$947,431, which were fully insured or collateralized.

Restricted cash consists of Brownfield's Economic Development Initiative (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).

TROY LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 3 - LOAN RECEIVABLE

The TLDC has implemented 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.

During 2008, the TLDC entered into a loan agreement with Old World Provisions, Inc. for \$250,000 for renovations of its existing facility. The terms of the loan include monthly payments of \$1,900 for 20 years at 6.75% interest maturing January 2029. The loan is secured by machinery and equipment.

A summary of the loan receivable is as follows:

	<u>December 31, 2011</u>
Loan receivable	\$ 235,663
Less current installments	<u>10,137</u>
	<u><u>\$ 225,526</u></u>

A summary of the future maturities is as follows:

For the year ending December 31, 2012	\$ 10,137
2013	7,827
2014	8,372
2015	8,955
2016	9,579
Thereafter	<u>190,793</u>
	<u><u>\$ 235,663</u></u>

NOTE 4 - CAPITAL ASSETS

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

A summary of the capital assets is as follows:

	<u>December 31, 2011</u>
Land	\$ 2,467,932
Buildings	<u>186,875</u>
	2,654,807
Less accumulated depreciation	<u>15,147</u>
Capital assets, net	<u><u>\$ 2,639,660</u></u>

TROY LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

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 Brownfield's Economic Development Initiative. The agreement charges interest at LIBOR plus .2% (1.635% at December 31, 2011) as billed by HUD and matures August 2026.

A summary of the loan payable is as follows:

Loan payable	\$ 2,499,000
Less current installments	<u>167,000</u>
	<u><u>\$ 2,332,000</u></u>

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

	Principal	Interest
For the year ending December 31, 2012	\$ 167,000	\$ 118,316
2013	167,000	111,937
2014	167,000	105,257
2015	167,000	98,343
2016	167,000	91,112
2017 through 2021	835,000	339,997
2022 through 2026	<u>829,000</u>	<u>130,595</u>
	<u><u>\$ 2,499,000</u></u>	<u><u>\$ 995,557</u></u>

Interest expense for the year ended December 31, 2011, was \$121,688. Interest paid for the year ended December 31, 2011, was \$124,061.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

a. 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, 2012	\$ 102,000
2013	66,000
2014	66,000
2015	66,000
2016	66,000
Thereafter	<u>462,000</u>
	<u><u>\$ 828,000</u></u>

TROY LOCAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2011

NOTE 6 - COMMITMENTS AND CONTINGENCIES - Continued

b. 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. TDLC funding assistance has been provided from the Brownfield's Economic Development Initiative in grant and loan funds.

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

NOTE 7 - ACCOUNTING STANDARD ISSUED BUT NOT YET IMPLEMENTED

During December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements*. This statement incorporates into the GASB's authoritative literature certain accounting and financial reporting pronouncements issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

This statement also supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that statement for enterprise funds and business-type activities to apply post-November 30, 1989, FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989, FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this statement. This statement No. 62 is effective for financial statements for periods beginning after December 15, 2011.

During June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The objective of this statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. This statement is effective for all state and local governments for periods beginning after December 15, 2011.

During June 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. The objective of this statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. This statement is effective for periods beginning after June 15, 2011, with earlier application encouraged.

Management has not estimated the extent of potential impact of these standards 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 the financial statements of the Troy Local Development Corporation (TLDC) as of and for the year ended December 31, 2011, and have issued our report thereon dated May 2, 2012. Our report was qualified as management could not estimate the impairment, if any, on capital assets. 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

Management of the TLDC is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the TLDC'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 TLDC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the TLDC's internal control over financial reporting.

A deficiency in internal controls 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 TLDC'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 11-01 through 11-06.

We noted certain matters that we reported to management of the TLDC in a separate letter dated May 2, 2012.

The TLDC's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit TLDC's responses and, accordingly, we do not express an opinion on these responses.

This report is intended solely for the information and use of members and management of the TLDC, the New York State Office of the State Comptroller, and the New York State Authority Budget Office and is not intended to be and should not be used by anyone other than these specified parties.

Bollam Sheedy Torani & Co LLP

Albany, New York
May 2, 2012

TROY LOCAL DEVELOPMENT CORPORATION

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended December 31, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Qualified

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

Noncompliance material to financial statements? _____ Yes X No

Section II - Financial Statement Findings

None.

Section III - Compliance Findings

11-01. Annual Report Filed in the Public Authorities Reporting Information System (PARIS)

Criteria: In accordance with Section 2800 of Public Authorities Law, local authorities must file an annual report 90 days of end of fiscal year.

Condition: The TLDC was not in compliance with Section 2800 of Public Authorities Law.

Effect: The TLDC's December 31, 2010, annual report was not filed and available to the public when required.

Cause: The TLDC did not update and certify the annual report in PARIS by the due date of March 31, 2011. The audited financial statements for December 31, 2010, were not completed until August 2011.

Recommendation: The TLDC should file its annual report as soon as possible and assign an individual to complete and file the report prior to the deadline in the future.

View of Responsible Officials: The TLDC was understaffed and unable to complete the annual report until after the filing deadline. Management has filed the December 31, 2010, annual report and plans to file and certify the December 31, 2011, annual report in May 2012.

11-02. Budget Report Filed in the Public Authorities Reporting Information System (PARIS)

Criteria: In accordance with Section 2801 of Public Authorities Law, local authorities must file a budget report 60 days prior to the start of the fiscal year.

Condition: The TLDC was not in compliance with Section 2801 of Public Authorities Law.

Effect: The TLDC budget information was not available to the public when required.

Cause: The TLDC did not update and certify the budget in PARIS.

Recommendation: The TLDC should approve its budget and assign an individual to file the report prior to the ABO deadline.

View of Responsible Officials: Management has filed and certified the 2012 budget in PARIS.

TROY LOCAL DEVELOPMENT CORPORATION

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended December 31, 2011

Section III - Compliance Findings - Continued

11-03. 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 effective immediately, public authorities are required to make specific information available to the public through the internet.

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

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

Cause: The TLDC did not oversee proper maintenance of the 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 May 2012.

11-04. Acknowledgement of Fiduciary Duty

Criteria: In accordance with Section 2824 of Public Authorities Law, every Board Member of a Public Authority is required to sign an acknowledgement of fiduciary duty at the time he or she takes the oath of office.

Condition: The TLDC was not in compliance with Section 2824 of Public Authorities Law.

Effect: The TLDC does not have a signed acknowledgement from all Board Members.

Cause: The TLDC did not provide the Board Members with the necessary acknowledgement.

Recommendation: The TLDC should provide Board Members with the necessary acknowledgement and ensure that all documents have been properly executed at the time of appointment.

View of Responsible Officials: The TLDC is in the process of reviewing and obtaining acknowledgements from all current Board Members.

11-05. Board Member Training

Criteria: Section 2824(2) of Public Authorities Law requires Board Members to “participate in State approved training regarding their legal, fiduciary, financial, and ethical responsibilities as Board Members of an authority within one year of appointment to a Board.”

Condition: The TLDC was not in compliance with Sections 2824(2) of Public Authorities Law.

Effect: Not all Board Members have completed the required training.

Cause: The training was not completed within one year of appointment.

Recommendation: The TLDC and Board Members should schedule the required training in order to be in compliance with Public Authorities Law.

View of Responsible Officials: The TLDC is in the process of scheduling the required training with Board Members.

TROY LOCAL DEVELOPMENT CORPORATION

SCHEDULE OF FINDINGS AND RESPONSES

Year Ended December 31, 2011

Section III - Compliance Findings - Continued

11-06. Annual Disclosure Statements

Criteria: Board Members, officers, and employees of a local public authority are required to file annual financial disclosure statements with the County Board of Ethics for the county in which the local public authority has its primary office pursuant to Article 18 of the General Municipal Law.

Condition: The TLDC was not in compliance with Article 18 of the General Municipal Law.

Effect: The TLDC's Board Members have not completed the required annual financial disclosure statements.

Cause: The annual financial disclosure statements were not provided to Board Members.

Recommendation: The TLDC should follow-up with members to ensure the annual financial disclosure statements have been filed.

View of Responsible Officials: The TLDC is in the process of providing the necessary documentation to Board Members in order for them to complete and file the financial disclosure statements.