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CERTIFIED PUBLIC ACCOUNTANTS

February 17, 2016

To the Board of Directors  
Saratoga County Industrial Development Agency

We have audited the financial statements of the Saratoga County Industrial Development Agency for the year ended December 31, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information with you in our letter dated November 1, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Saratoga County Industrial Development Agency are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2015. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Management has not provided an allowance for uncollectible loans. For both loans, management believes that the underlying value of land held exceeds the loan value and that eventually the loans will be satisfied.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

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

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Our proposed audit adjustments to the financial statements are attached to this letter.

### *Disagreements with Management*

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

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 17, 2016.

### *Management Consultations with Other Independent Accountants*

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

### *Other Audit Findings or Issues*

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

We did have the following recommendations:

#### Financial Reporting System

Currently management maintains an excel summary of cash receipts and disbursements from which the auditor compiles the year end general ledger. This system does not provide balance sheet and income statement financial reporting to the Board of Directors on an interim basis.

We recommend management consider implementing QuickBooks or some other computerized accounting system so that timely and accurate interim financial reporting can be made.

*Other Matters*

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of the Saratoga County Industrial Development Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Cusack & Company, CPAs, LLC". The signature is written in a cursive, flowing style.

**CUSACK & COMPANY CPA'S, LLC**

Prepared by \_\_\_\_\_

**SARATOGA COUNTY IDA**  
**Adjusting Journal Entries**

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Reviewed by \_\_\_\_\_

| Reference | Type      | Date<br>Account<br>Number | Description   | Debit               | Credit              | Net Income<br>Effect | Workpaper |
|-----------|-----------|---------------------------|---|---------------------|---------------------|----------------------|-----------|
| 1         | Adjusting | 12/31/15                  |   |                     |                     |                      |           |
|           |           | 100                       | CASH CHECKING SARATOGA                                  |                     | 1,438,322.03        |                      |           |
|           |           | 101                       | CASH CHECKING FIRST NIAG/                               | 353.59              |                     |                      |           |
|           |           | 102                       | CASH RESERVE  | 811,489.01          |                     |                      |           |
|           |           | 220                       | ACCOUNTS RECEIVABLE                                     |                     | 260.00              |                      |           |
|           |           | 260                       | NOTE RECEIVABLE LFTC                                    |                     | 100,000.00          |                      |           |
|           |           | 450                       | ACCOUNTS PAYABLE  | 1,950.00            |                     |                      |           |
|           |           | 610                       | APPLICATION FEES  |                     | 2,000.00            |                      |           |
|           |           | 620                       | LOAN ADMINISTRATION FEES                                |                     | 1,118,921.00        |                      |           |
|           |           | 650                       | INTEREST NOTES RECEIVABL                                |                     | 6,100.28            |                      |           |
|           |           | 651                       | INTEREST INCOME   |                     | 4,075.01            |                      |           |
|           |           | 710                       | FEE SPLITS LFTC   | 200,000.00          |                     |                      |           |
|           |           | 750                       | CONTRACT FEES ADMINISTR/                                | 42,000.00           |                     |                      |           |
|           |           | 760                       | SARATOGA COUNTY ADMIN I                                 | 22,500.00           |                     |                      |           |
|           |           | 770                       | AUDIT   | 4,250.00            |                     |                      |           |
|           |           | 771                       | LEGAL EXPENSE   | 2,400.00            |                     |                      |           |
|           |           | 771                       | LEGAL EXPENSE   | 7,477.50            |                     |                      |           |
|           |           | 772                       | INSURANCE   | 1,829.00            |                     |                      |           |
|           |           | 773                       | CONTRACT FEES SECRETARI/                                | 1,650.00            |                     |                      |           |
|           |           | 900                       | PROJECT COSTS   | 2,996.00            |                     |                      |           |
|           |           | 900                       | PROJECT COSTS   | 525,000.00          |                     |                      |           |
|           |           | 900                       | PROJECT COSTS   | 36,408.92           |                     |                      |           |
|           |           | 778                       | OTHER CONSULTING  | 2,000.00            |                     |                      |           |
|           |           | 790                       | CONFERENCES   | 4,500.00            |                     |                      |           |
|           |           | 780                       | MISCELLANEOUS   |                     | 2,220.00            |                      |           |
|           |           | 780                       | MISCELLANEOUS   | 4,808.46            |                     |                      |           |
|           |           | 780                       | MISCELLANEOUS   |                     | 7.75                |                      |           |
|           |           | 780                       | MISCELLANEOUS   | 293.59              |                     |                      |           |
|           |           | 280                       | LEASE RECEIVABLE SCWA                                   | 1,000,000.00        |                     |                      |           |
|           |           |                           |   |                     |                     | 275,210.57           |           |
|           |           |                           | RECORD CASH RECEIPTS AND<br>DISBURSEMENTS FOR THE YEAR. |                     |                     |                      |           |
| 2         | Adjusting | 12/31/15                  |   |                     |                     |                      |           |
|           |           | 510                       | FUND BALANCE  | 811,489.01          |                     |                      |           |
|           |           | 520                       | DESIGNATED NET ASSETS LFI                               |                     | 811,489.01          |                      |           |
|           |           |                           |   |                     |                     | 0.00                 |           |
|           |           |                           | RECLASS DESIGNATED NET<br>ASSETS                        |                     |                     |                      |           |
| 3         | Adjusting | 12/31/15                  |   |                     |                     |                      |           |
|           |           | 900                       | PROJECT COSTS   | 27,669.39           |                     |                      |           |
|           |           | 773                       | CONTRACT FEES SECRETARI/                                | 400.00              |                     |                      |           |
|           |           | 450                       | ACCOUNTS PAYABLE  |                     | 28,069.39           |                      |           |
|           |           |                           |   |                     |                     | (28,069.39)          |           |
|           |           |                           | RECORD ACCOUNTS PAYABLE                                 |                     |                     |                      |           |
|           |           |                           | TOTAL   | <u>3,511,464.47</u> | <u>3,511,464.47</u> | <u>247,141.18</u>    |           |