

TROY LOCAL DEVELOPMENT CORPORATION

Report to the Board

For the Year Ended December 31, 2018



March 25, 2019

To the Board of
Troy Local Development Corporation

We have audited the financial statements of Troy Local Development Corporation ("TLDC") for the year ended December 31, 2018. 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 in our letter to you dated December 4, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by TLDC are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by TLDC 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. The most sensitive estimates affecting the TLDC's financial statements were:

Management's estimate of the allowance for uncollectible loans is based on management's evaluation of the collectability of the outstanding receivables, including historical loss experience and economic conditions.

Management's estimate of the depreciable lives and estimated residual value of capital assets is based on the estimated useful length of individual assets and is estimated on a straight-line basis.

Management's estimate of the pollution remediation obligation is based on 3rd party analysis and cost estimates.

We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of the carrying value of land held for development in Note F to the financial statements is sensitive because it is possible that the value of the land may not be recoverable by the TLDC.

The disclosure of the environmental remediation liability in Note I to the financial statements is sensitive because the actual costs required to complete the environmental remediation project could vary significantly from the recorded estimate.

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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For the 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 March 25, 2019.

Management Consultation 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 TLDC'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 TLDC's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

Management has omitted the management's discussion and analysis 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 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.

Restriction on Use

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

Very truly yours,

Wojewicki + Company CPAs, P.C.

Client: **005511.AUD - Troy Local Development Corporation**
 Engagement: **18 AUD - Troy Local Development Corporation**
 Trial Balance: **3000.01 - TB**
 Workpaper: **3700.01 - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 4				
To reclass to income section for presentation purposes				
6462.4	Grants for Local Eco Devent		10,000.00	
R6462.4	Take Back on Facade Grant			10,000.00
Total			<u>10,000.00</u>	<u>10,000.00</u>
Adjusting Journal Entries JE # 5				
		4200.02		
To correct the write off of prior year interest and late fees that were posted to current year revenue accounts in error. Amounts should have been written off				
10010	Allowance for Loan Rec'able		5,045.00	
2401.17	The Balance Loft LLC			1,629.00
2401.19	Infinity Cafe			2,298.00
2411.11	The Balance Loft			540.00
2411.14	Infinity Cafe			578.00
Total			<u>5,045.00</u>	<u>5,045.00</u>