

TROY LOCAL DEVELOPMENT CORPORATION

Report to the Board

For the Year Ended December 31, 2023



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March 27, 2024

To the Board of
Troy Local Development Corporation

We have audited the financial statements of Troy Local Development Corporation (the "Corporation") for the year ended December 31, 2023, and we will issue our report thereon dated March 27, 2024. 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 January 9, 2024. 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 Corporation are described in Note A to the financial statements. As described in Note A to the financial statements, the Agency adopted the following Governmental Accounting Standards Board (GASB) statements in 2023:

- GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (GASB 94): The Standard was adopted on a retrospective basis as of the beginning of the earliest period presented. The adoption did not result in any reclassifications or restatements of changes in net position or net position.
- GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements* (SBITA) (GASB 96): The Standard was adopted on a retrospective basis as of the beginning of the earliest period presented. The adoption did not result in any reclassifications or restatements of changes in net position or net position.
- Portions of GASB No. 99 – *Omnibus 2022* (GASB 99) – The requirements of the standard that were effective upon issuance and the requirements that were effective for all fiscal years beginning after June 15, 2022 were adopted in the current year. These portions of the standards were adopted on a retrospective basis as of the beginning of the earliest period presented. The adoption did not result in any reclassifications or restatements of changes in net position or net position.

We noted no transactions entered into by the Corporation 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 Corporation'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 loan 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 discount rate used in the calculation of leases receivable and the related deferred inflows of resources is based on the rate that the Corporation would charge and is consistent with historical rates charged by the Corporation under its revolving loan program.
- Management's estimate of the term used in the calculation of leases receivable and the related deferred inflows of resources is based on the initial lease term per the underlying lease agreement and management's determination of the likelihood that any included extension or termination options will be exercised.

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 disclosure affecting the financial statements was:

The disclosure of the carrying value of property held for development and resale in Note E to the financial statements is sensitive because it is possible that the value of the land may not be recoverable by the Corporation. We were not able to obtain appropriate audit evidence to make a reasonable estimation of impairment, if any, on any of the Corporation's property held for development and resale. Accordingly, we have modified our opinion for this departure from generally accepted accounting principles.

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. The following material misstatements detected as a result of audit procedures were corrected by management.

- An adjustment to correct accrued interest payable.
- Adjustments to increase the allowance and bad debt based on the current year loan receivable activity.
- Adjustment to record the lease receivable and related deferred inflows of resources for the Empire Solar Lease.
- Adjustments to correct the current year lease activity in accordance with GASB 87.
- An adjustment to correct the loss on the sale of the Alamo property.

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 27, 2024.

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 the Corporation'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 Corporation'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.

We were not engaged to report on the Corporation's annual report that is defined by Section 2800 of the New York State Public Authorities Law, *Annual Reports by Authorities*. Our

responsibility under professional standards is to consider whether a material inconsistency exists between the annual report and the audited financial statements that includes our report thereon. The annual report has not been subjected to the auditing procedures applied to the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the information and 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,

Wojeski & Company, CPAs, P.C.