

March 20, 2018

To the Board of Directors of the  
Livingston County Development Corporation:

We have audited the financial statements of the business-type activities of the Livingston County Development Corporation (the Corporation) for the year ended December 31, 2017. 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 5, 2017. 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 2 to the financial statements.

***No new accounting policies were adopted and the application of existing policies was not changed during 2017. 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.

***Management's estimate of the allowance for doubtful accounts is based on past history and trends for each of the loan holders. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable related to the financial statements taken as a whole.***

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

***There were no particularly sensitive disclosures in 2017.***

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.

***The misstatements identified during our audit and corrected by management are presented on Exhibit A.***

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' 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 20, 2018.

### **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 Corporation's financial statements or a determination of the type of auditors' 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.

***During 2017, the Corporation undertook a request for proposal process and as a result we were selected as the Corporation's auditors. That selection was based on the submitted proposals and not based on our position regarding specific matters. Going forward, we anticipate that management will regularly communicate with us during the normal course of business, and those responses will not be a condition of our retention.***

### **Other Matters**

We applied certain limited procedures to the Management's Discussion and Analysis (unaudited), which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

\* \* \* \* \*

### **Restriction on Use**

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

## LIVINGSTON COUNTY DEVELOPMENT CORPORATION

**SUMMARY OF ADJUSTMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

---

Change in net position - unaudited	\$ 249,056
To rollforward net position.	4,453
To reverse prior year audit entries.	(43,000)
To record Empire State Development Grant receivable as of year-end.	15,000
To increase allowance for bad debt expense.	(20,185)
To reverse New York Main Street grant revenue that should have been recorded in the prior year.	(7,995)
To record New York Main Street grant revenue receivable as of year-end.	31,931
To record prepaid expenses for medical insurance	4,051
To true up loans receivable balance as of year-end.	<u>(3,408)</u>
Total audit adjustments	<u>(19,153)</u>
Change in net position - audited	<u>\$ 229,903</u>