

WASHINGTON COUNTY LOCAL
DEVELOPMENT CORPORATION

Independent Auditor's Report

Financial Statements

December 31, 2015



WHITTEMORE, DOWEN
& RICCIARDELLI, LLP

WASHINGTON COUNTY LOCAL
DEVELOPMENT CORPORATION

Table of Contents

	Page
Independent Auditor's Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6-13
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 <i>Government Auditing Standards</i>	14-15



CPAs & Business Advisors

WHITTEMORE, DOWEN
& RICCIARDELLI, LLP

333 Aviation Road, Building B
Queensbury, NY 12804

112 Spring Street, Suite 307
Saratoga Springs, NY 12866

P: (518) 792-0918
F: (518) 743-0882
www.wdrcpa.com

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Washington County Local
Development Corporation
Fort Edward, NY 12828

Report on the Financial Statements

We have audited the accompanying financial statement of Washington County Local Development Corporation (a nonprofit organization), a component unit of Washington County, which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 the standards applicable to financial audits contained in *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our overall opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Washington County Local Development Corporation as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2016 on our consideration of Washington County Local Development Corporation'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* in considering Washington County Local Development Corporation's internal control over financial reporting and compliance.

Whittemore, Downen & Ricciardelli, LLP

Whittemore, Downen & Ricciardelli, LLP
Queensbury, New York

February 24, 2016

WASHINGTON COUNTY LOCAL
DEVELOPMENT CORPORATION

Statement of Financial Position

December 31, 2015

	Restricted				Unrestricted	Total
	Income After Closeout	Intermediary Relending Program	RBE Grant	Empire Zone		
ASSETS						
Current Assets:						
Cash-checking	\$ -	\$ 126,828	\$ 2,578	\$ 510	\$ 633,752	\$ 813,668
Cash-time deposit	-	22,000	-	-	680,335	702,335
Accounts receivable	-	-	-	-	872	872
Current portion, loans receivable	12,582	29,524	-	-	308,194	350,300
Current portion, lease payments receivable	-	-	5,155	-	-	5,155
USDA receivable	-	-	-	-	90,220	90,220
Interest receivable	-	315	-	-	4,337	4,652
Total Current Assets	12,582	178,667	7,733	510	1,767,710	1,967,202
Other Assets:						
Loans receivable, net of current portion	220,893	141,030	-	-	2,080,144	2,442,067
Allowance for doubtful accounts	(2,712)	(22,000)	-	-	-	(24,712)
Lease payments receivable, net of current portion	-	-	28,355	-	-	28,355
Total Other Assets	218,181	119,030	28,355	-	2,080,144	2,445,710
Total Assets	\$ 230,763	\$ 297,697	\$ 36,088	\$ 510	\$ 3,847,854	\$ 4,412,912
LIABILITIES AND FUND EQUITY						
Current Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 101	\$ 101
Current portion of loan payable	-	10,842	-	-	-	10,842
Total Current Liabilities	-	10,842	-	-	101	10,943
Long-Term Liabilities:						
Long-term loan payable, net of current portion	-	138,392	-	-	-	138,392
Total Long-Term Liabilities	-	138,392	-	-	-	138,392
Total Liabilities	-	149,234	-	-	101	149,335
Fund Equity	230,763	148,463	36,088	510	3,847,753	4,263,577
Total Liabilities and Fund Equity	\$ 230,763	\$ 297,697	\$ 36,088	\$ 510	\$ 3,847,854	\$ 4,412,912

See Independent Auditor's Report and Notes

WASHINGTON COUNTY LOCAL
DEVELOPMENT CORPORATION

Statement of Activities

Year Ended December 31, 2015

REVENUES	Restricted				Unrestricted	Total
	Income After Closeout	Intermediary Relending Program	RBEK Grant	Empire Zone		
Interest on loans	\$ 1,694	\$ 9,574	\$ -	\$ -	\$ 107,035	\$ 118,303
Interest on time deposits	-	114	-	1	1,615	1,730
Contributions/grants	-	-	-	-	80,000	80,000
Origination fees	-	-	-	-	27,726	27,726
Events	-	-	-	-	8,864	8,864
RBEK grant reimbursement	-	-	-	-	90,220	90,220
Lease proceeds-sale of equipment	-	-	36,088	-	-	36,088
Net assets released from unrestricted income	(10,113)	-	-	-	10,113	-
Total Revenues	(8,419)	9,688	36,088	1	325,573	362,931
EXPENDITURES						
Payroll expenses	-	-	-	1,999	67,148	69,147
Professional fees	-	-	-	-	19,405	19,405
Interest expense	-	1,483	-	-	-	1,483
Insurance	-	-	-	-	2,383	2,383
Office expense	-	-	-	-	3,225	3,225
Marketing and advertising	-	-	-	-	15,798	15,798
Meeting expense	-	-	-	-	199	199
Miscellaneous	-	-	-	-	693	693
RBEK equipment expense	-	-	-	-	90,220	90,220
Bad debt expense (recovery)	(10,265)	-	-	-	-	(10,265)
Total Expenditures	(10,265)	1,483	-	1,999	199,071	192,288
Excess (Deficit) of Revenues Over Expenditures	1,846	8,205	36,088	(1,998)	126,502	170,643
Fund Equity at Beginning of Year	228,917	140,258	-	2,508	3,721,251	4,092,934
Fund Equity at End of Year	\$ 230,763	\$ 148,463	\$ 36,088	\$ 510	\$ 3,847,753	\$ 4,263,577

See Independent Auditor's Report and Notes

WASHINGTON COUNTY LOCAL
DEVELOPMENT CORPORATION

Statement of Cash Flows

Year Ended December 31, 2015

Cash Flows From Operating Activities:	
Excess of Revenues Over Expenditures	\$ 170,643
Adjustments to Reconcile Excess of Revenues Over Expenditures to Net Cash Provided (Used) by Operating Activities:	
(Increase) Decrease in:	
Accounts receivable	228
Loans receivable	(368,140)
Lease payments receivable	(33,510)
USDA receivable	(90,220)
Interest receivable	(1,090)
Increase (Decrease) in:	
Accounts payable	9
Allowance for doubtful accounts	(10,265)
Intermediary relending program loan payable	<u>(10,856)</u>
Net Cash Provided (Used) by Operating Activities	(343,201)
Cash and Cash Equivalents at Beginning of Year	<u>1,859,204</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,516,003</u>
 Supplemental Disclosures of Cash Flow Information:	
Cash Paid During the Year for:	
Interest	<u>\$ 1,483</u>

See Independent Auditor's Report and Notes

WASHINGTON COUNTY LOCAL
DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2015

Summary of Significant Accounting Policies

The summary of significant accounting policies of Washington County Local Development Corporation is presented to assist in understanding the Washington County Local Development Corporation's financial statements. The financial statements and notes are representations of the Washington County Local Development Corporation's management, which is responsible for their integrity and objectivity. These accounting policies are in accordance with accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization

Washington County Local Development Corporation was incorporated in 1985 under the Not-for-Profit Law of the State of New York for the purpose of relieving and reducing unemployment by promoting and providing job opportunities for low to moderate income residents of Washington County. This is accomplished through loans to qualifying employers. In 1986, Washington County contracted with the Local Development Corporation to administer a revolving loan program created by the repayments of low interest loans issued by the Washington County Community Development Program. The County Board of Supervisors assigned all loans to the Local Development Corporation for no consideration. The Local Development Corporation is a component unit of Washington County and is included as such in the County's general-purpose financial statements.

Revenue Recognition

The Washington County Local Development Corporation's primary source of revenue is from principal and interest repayments received on loans issued by the Local Development Corporation through the Washington County Community Development Program and the Intermediary Relending Program.

Accounting Method

The Washington County Local Development Corporation accounts for all transactions on the accrual method of accounting.

Allowance for Doubtful Accounts

Bad debts are provided on the allowance method based on historical experience and management's evaluation of outstanding loans receivable at the end of each year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Income Taxes

The Washington County Local Development Corporation is an exempt organization under Sec. (501)(c)(4) of the Internal Revenue Code. As of December 31, 2015, the tax years that remain subject to examination by taxing authorities begin with 2012.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Washington County Local Development Corporation considers all highly liquid debt instruments purchased with a maturity of 90 days or less to be cash equivalents.

WASHINGTON COUNTY LOCAL
DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2015

Concentration of Credit Risk

Financial instruments which potentially expose the organization to concentration of credit risk consist primarily of loans receivable. Management considers the loans net of allowances to be fully collectible.

Washington County Local Development Corporation had funds on deposit at local banks totaling \$1,516,003 at December 31, 2015. These deposits are fully insured by Federal Deposit Insurance Corporation, pledged collateral and a letter of credit.

Loans Receivable

Loans receivable consisted of the following at December 31, 2015:

	CDBG Loans	IRP Loans
<u>Restricted-Income After Closeout:</u>		
1) Loaned \$25,000 on November 14, 1995 due in monthly payments of \$403 through October 1, 2002, including interest at 7.25% per annum. (Receiving \$50 per month payment).	\$ 2,712	
2) Loaned \$350,000 on June 30, 2003 due in monthly payments of \$3,178 through January 22, 2015, including interest at 4% per annum. On February 23, 2015 the loan was modified with monthly payments of \$1,750 extended through January 23, 2025 with the entire principle balance due February 23, 2025.	230,763	
<u>Unrestricted:</u>		
3) Loaned \$35,000 on August 20, 2004 in monthly payments of \$355 through September 20, 2014, including interest at 4% per annum. On September 20, 2014 the loan was modified extending monthly payments of \$355 through September 20, 2017, including interest at 4% per annum.	7,475	
4) Loaned \$390,000 on December 31, 2006 interest only payments beginning on November 30, 2006, at 5.19% per annum. Principal payments due in monthly payments of \$3,208 beginning on May 31, 2007 through September 30, 2021, including interest at 5.19% per annum.	193,282	
5) Loaned \$150,000 on December 15, 2006 due in monthly payments of \$1,207 through November 1, 2021, including interest at 5.19% per annum.	69,875	
6) Loaned \$45,000 on July 26, 2007 due in monthly payments of \$483 through May 26, 2017, including interest at 5.315% per annum.	6,478	
7) Loaned \$60,000 on July 24, 2009 due in monthly payments of \$822 through July 24, 2016, including interest at 4% per annum.	10,352	

WASHINGTON COUNTY LOCAL
DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2015

<u>Loans Receivable – Continued</u>	CDBG Loans	IRP Loans
8) Loaned \$65,000 on July 2, 2009 due in monthly payments of \$660 through June 2, 2019, including interest at 4% per annum.	25,143	
9) Loaned \$125,000 on October 5, 2009 due in monthly payments of \$993 through August 8, 2024, including interest at 5% per annum.	83,288	
10) Loaned \$210,000 on November 3, 2009 due in monthly payments of \$1,559 through October 3, 2024, including interest at 4% per annum.	139,849	
11) Loaned \$150,000 on November 11, 2009 due in monthly payments of \$1,114 through October 19, 2024, including interest at 4% per annum.	99,868	
12) Loaned \$180,000 on April 29, 2010 due in monthly payments of \$1,915 through August 5, 2015, including interest at 5% per annum. On April 5, 2014 the loan was modified extending monthly payments of \$1,915 through August 5, 2017, including interest at 5% per annum.	115,120	
13) Loaned \$85,000 on April 8, 2010 due in monthly payments of \$1,607 through June 8, 2015 including the default interest rate at 16% per annum. On July 30, 2014 the loan terms were modified, due in monthly payments of \$1,235 through July 30, 2017, including interest at 8% per annum.	23,760	
14) Loaned \$145,000 on August 4, 2011 due in monthly payments of \$1,616 through July 4, 2012 including interest at 6% per annum. On November 7, 2014 the loan was modified, due in monthly payments of \$1,845 through July 7, 2021, including interest at 6% per annum.	110,104	
15) Loaned \$140,000 on October 27, 2011 due in monthly payments of \$1,150 through October 27, 2018, including interest at 5.5% per annum.	111,999	
16) Loaned \$145,000 on August 3, 2011 due in monthly payments of \$1,191 through August 3, 2026, including interest at 5.5% per annum.	113,483	
17) Loaned \$30,000 on November 29, 2011 due in monthly payments of \$574 through November 29, 2016, including interest at 5.5% per annum.	5,473	

WASHINGTON COUNTY LOCAL
DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2015

<u>Loans Receivable – Continued</u>	CDBG Loans	IRP Loans
18) Loaned \$100,000 on October 26, 2012 due in monthly payments of \$1,441 through February 26, 2020, including interest at 5.5% per annum.	64,109	
19) Loaned \$25,000 on August 19, 2010 due in monthly payments of \$478 through January 19, 2016, including interest at 5.5% per annum.	2,147	
20) Loaned \$10,000 on August 23, 2013 due in monthly payments of \$194 through December 23, 2018, including interest at 6% per annum.	8,915	
21) Loaned \$150,000 on March 18, 2013 due in monthly payments of \$2,198 through June 18, 2020, including interest at 6% per annum.	103,576	
22) Loaned \$37,500 on December 20, 2013 due in monthly payments of \$718 through June 20, 2018, including interest at 5.5% per annum.	27,280	
23) Loaned \$45,000 on July 3, 2014 due in monthly payments of \$477 through January 3, 2025, including interest at 5% per annum.	37,213	
24) Loaned \$45,000 on February 10, 2014 due in monthly payments of \$880 through August 10, 2019, including interest at 6.5% per annum.	34,122	
25) Loaned \$40,000 on May 6, 2014 due in monthly payments of \$575 through November 6, 2021, including interest at 5.5% per annum.	34,271	
26) Loaned \$50,000 on February 21, 2014 due in monthly payments of \$719 through August 21, 2021, including interest at 5.5% per annum.	41,930	
27) Loaned \$75,000 on March 27, 2014 due in monthly payments of \$1,078 through September 27, 2021, including interest at 5.5% per annum.	63,679	
28) Loaned \$150,000 on February 11, 2015 due in monthly payments of \$2,191 through August 11, 2022, including interest at 6% per annum.	144,242	
29) Loaned \$150,000 on April 28, 2015 due in monthly payments of \$1,742 through September 28, 2025, including interest at 7% per annum.	148,291	

WASHINGTON COUNTY LOCAL
DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2015

<u>Loans Receivable – Continued</u>	CDBG Loans	IRP Loans
30) Loaned \$25,000 on June 4, 2015 due in monthly payments of \$365 through June 4, 2022, including interest at 6% per annum.	23,553	
31) Loaned \$80,000 on June 30, 2015 due in monthly payments of \$675 through September, 2030, including interest at 6% per annum.	79,461	
32) Loaned \$235,000 on September 16, 2015 due in monthly payments of \$2,609 through March 16, 2026, including interest at 6% per annum.	235,000	
33) Loaned \$125,000 on September 25, 2015 due in monthly payments of \$1,388 through January 25, 2026, including interest at 6% per annum.	125,000	
34) Loaned \$100,000 on December 3, 2015 due in monthly payments of \$1,110 through March 3, 2021 with the final payment of \$58,536 due April 3, 2021 including interest at 6% per annum.	100,000	
35) Loaned \$100,000 on December 3, 2009 due in monthly payments of \$743 through December 3, 2024, including interest at 5% per annum.		\$ 73,158
36) Loaned \$145,000 on September 21, 2011 due in monthly payments of \$2,054 through September 21 2018, including interest at 5% per annum.		63,171
37) Loaned \$40,000 on November 27, 2012 due in monthly payments of \$329 through November 27, 2027, including interest at 5.5% per annum.		34,225
	2,621,813	170,554
Total loans receivable		
Less: current portion	(320,776)	(29,524)
Long-term portion	\$ 2,301,037	\$ 141,030

Allowance for Doubtful Accounts

The allowance for doubtful accounts established in the Intermediary Relending Program (IRP) in the amount of \$22,000 is in accordance with a requirement by the U.S. Department of Agriculture. There are no delinquent IRP loans as of December 31, 2015.

The allowance for doubtful accounts of \$2,712 in the Income after Closeout Programs and CDBG represents the balance due on one loan.

WASHINGTON COUNTY LOCAL
DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2015

Restricted and Unrestricted Assets

Receipts, disbursements, and cash balances related to Federal funds which are subject to certain restrictions and unrestricted funds not subject to Federal restrictions are comprised of the following:

	Restricted					
	Income After Closeout	Intermediary Relending Program	Empire Zone	RBEG Grant	Unrestricted	Total
Cash balances at 12/31/14	\$ -	\$ 123,551	\$ 2,508	\$ -	\$ 1,733,145	\$ 1,859,204
Receipts:						
Interest in time deposit	-	114	1	-	1,616	1,731
Principal, interest and late charge payments received	10,113	37,502	-	-	566,459	614,074
Contributions	-	-	-	-	80,000	80,000
Lease payments	-	-	-	2,578	-	2,578
Origination fees	-	-	-	-	27,726	27,726
Events	-	-	-	-	9,090	9,090
Total receipts	10,113	37,616	1	2,578	684,891	735,199
Disbursements:						
New loans	10,113	-	-	-	854,887	865,000
Payroll expense	-	-	1,999	-	67,148	69,147
Professional fees	-	-	-	-	19,405	19,405
Insurance(s)	-	-	-	-	2,383	2,383
Principal and interest expense	-	12,339	-	-	-	12,339
Marketing/advertising	-	-	-	-	15,798	15,798
Office expense	-	-	-	-	2,322	2,322
Meeting expense	-	-	-	-	1,093	1,093
RBEG equipment expense	-	-	-	-	90,220	90,220
Miscellaneous expense	-	-	-	-	693	693
Total disbursements	10,113	12,339	1,999	-	1,053,949	1,078,400
Cash balances at 12/31/15	\$ -	\$ 148,828	\$ 510	\$ 2,578	\$ 1,364,087	\$ 1,516,003
Cash, checking	\$ -	\$ 126,828	\$ 510	\$ 2,578	\$ 683,752	\$ 813,668
Cash, savings	\$ -	\$ 22,000	\$ -	\$ -	\$ 680,335	\$ 702,335

WASHINGTON COUNTY LOCAL
DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2015

USDA Receivable

Washington County Local Development Corporation entered into a Rural Business Enterprise Grant agreement with the U.S. Department of Agriculture for the purpose of purchasing equipment. During 2015, the Washington County Local Development Corporation purchased the equipment in the amount of \$90,220, which as of December 31, 2015 was recorded as a receivable due from the U.S. Department of Agriculture.

Lease Payments Receivable

As part of the Rural Business Enterprise Grant agreement, the Washington County Local Development Corporation will lease the equipment to a local business. The total amount of the lease payment will be equal to 40% of the purchase price of the equipment, \$36,088. The business will make monthly lease payments of \$430 through June 1, 2022 the expected life of the equipment. The title to the equipment is to be held in the name of Washington County Local Development Corporation during the lease period. At the end of the lease period the equipment is to be conveyed to the business for the sum of \$1. The balance due as of December 31, 2015 was \$33,510.

Lease payments receivable consisted of the following at December 31, 2015:

Years ending December 31,	
2016	\$ 5,155
2017	5,155
2018	5,155
2019	5,155
2020	5,155
Thereafter	<u>7,735</u>
Total	<u>\$ 33,510</u>

Upon receipt of the lease proceeds, Washington County Local Development Corporation is required to use the funds to provide term loans that support local farmer/agricultural relate business. The appropriate use of loan proceeds include:

- Purchase and/or improve machinery, equipment, or other business assets to be used in connection with the Borrower's business.
- Working capital.
- Purchase an existing, operating entity.

Related Party

The LDC by-laws were amended in 1996 to allow for non-supervisors to be Directors of the Corporation. Each town (17) is represented by the chief elected official or his/her designee. Currently, there are seven non-supervisors on the Board. The Washington County Local Development Corporation is provided office space, administrative and secretarial services, office equipment, and supplies by Washington County without charge.

WASHINGTON COUNTY LOCAL
DEVELOPMENT CORPORATION

Notes to Financial Statements

December 31, 2015

Loan Payable Intermediary Relending Program

Washington County Local Development Corporation entered into a loan agreement on November 25, 1998 with the U.S. Department of Agriculture for \$300,000 to be paid back over 30 years at a fixed rate of 1%. Interest only was paid for the first two years. Principal and interest payments are made in 28 equal annual installments with any remaining balance being paid 30 years from the date of the note. A stipulation of this program is that the Washington County Local Development Corporation must match a portion of the loan. The Washington County Local Development Corporation's matching requirement was \$75,000 making the program funds total \$375,000. As of December 31, 2015, the Washington County Local Development Corporation has drawn down \$300,000 and has made eight loans.

An installment contract to the U.S. Department of Agriculture payable in annual installments of \$12,339, including interest at 1%, through November 2028.

	\$ 149,234
Less: current portion	<u>(10,842)</u>
Long-term loan payable, net of current portion	<u>\$ 138,392</u>

Maturities of long-term loan payable are as follows:

Years ending December 31,	
2016	\$ 10,842
2017	10,951
2018	11,060
2019	11,171
2020	11,283
Thereafter	<u>93,927</u>
Total	<u>\$ 149,234</u>

Subsequent Events

The Corporation has evaluated all events through February 24, 2016, the date which these financial statements were available to be issued, and determined that there are no subsequent events which require disclosure.



WHITTEMORE, DOWEN
& RICCIARDELLI, LLP

333 Aviation Road, Building B
Queensbury, NY 12804

112 Spring Street, Suite 307
Saratoga Springs, NY 12866

P: (518) 792-0918
F: (518) 743-0882
www.wdrcpa.com

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*

To The Board of Directors
Washington County Local
Development Corporation
Fort Edward, NY 12828

We have audited, 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, the financial statements of Washington County Local Development Corporation, a component unit of Washington County, which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 24, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Washington County Local Development Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Washington County Local Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Washington County Local Development Corporation's internal control.

A *deficiency in internal control* 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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington County Local Development Corporation'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

Whittemore, Downen & Ricciardelli, LLP

Whittemore, Downen & Ricciardelli, LLP
Queensbury, New York

February 24, 2016



WASHINGTON COUNTY

Local Development Corporation

February 24, 2016

Whittemore, Downen & Ricciardelli, LLP
333 Aviation Road Bldg. B
Queensbury, NY 12804

This representation letter is provided in connection with your audit of the financial statements of Washington County Local Development Corp., which comprise the statements of financial position as of December 31, 2015, and the related statements of activities, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of February 24, 2016, the following representations made to you during your audit.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 20, 2015, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

County Municipal Center, 383 Broadway, Fort Edward, NY 12828
P (518) 746-2292 F (518) 746-2293 info@wcldc.org
website www.wcldc.org

Proudly Serving Washington County Businesses Since 1985


The Washington County LDC is an Equal Opportunity Lender, Provider and Employer
Complaints of discrimination should be sent to: USDA, Director, Office of Civil Rights, 1400 Independence Avenue,
S.W. Washington DC 20250-9410 or Call (800) 795-3272 (voice) or (202) 720-6382 (TDD).

7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
9. Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.

Information Provided

11. We have provided you with:
 - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - Additional information that you have requested from us for the purpose of the audit.
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - Minutes of meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
12. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
13. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
14. We have no knowledge of any fraud or suspected fraud that affects the organization and involves:
 - Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
15. We have no knowledge of any allegations of fraud or suspected fraud affecting the organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
16. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
17. We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.
18. We have disclosed to you the identity of the organization's related parties and all the related party relationships and transactions of which we are aware.
19. The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any assets been pledged as collateral.
20. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.

21. Washington County Local Development Corp. is an exempt organization under Section 501(c)(4) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

Signature: Deanna L. Dewey Signature: 

Title: Executive Director

Title: Chairman