



Buffington & Hoatland CPAs

A Professional Limited Liability Company

To the Board of Directors
Auburn Industrial Development Authority
Auburn, New York 13021

In planning and performing our audit of the financial statements of Auburn Industrial Development Authority a component unit of the City of Auburn, New York as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered Auburn Industrial Development Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Auburn Industrial Development Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Auburn Industrial Development Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. A significant 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. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in internal control to be a material weaknesses:

During subsequent disbursement testing for accounts payable, the amount recorded in Due to Government for the county taxes at December 31, 2016 was correct, however the amount paid in 2017 was incorrect. The effect is that the Authority overpaid the 2016 PILOT taxes due to the county and the error was not detected by management. We believe it is extremely important that proper internal control procedures be established and followed for the recording, processing and payment of all invoices.

A significant audit adjustment is a correction to the financial statements that, in our judgement, may not have been detected except through our auditing procedures. Management of the Authority had verbally confirmed the balance of Bluefield Manor Housing, Inc. bond payable balance at December 31, 2016. We assisted in the recording of the activity as a convenience with an annual journal entry as it had not been recorded. During testing of the bond balance, we noted

that the amount scheduled to be paid during the year did not match the decrease in the principal balance. Upon further testing, it was discovered that an incorrect balance was given to the Authority by Bluefield Manor Housing, Inc. The existence of such a material adjustment indicates that the Authority's system of controls did not detect and prevent such an error. Management should examine the adjustment required as a result of our audit and assess the cost-benefit of improving the internal control system to prevent this type of adjustment in the future.

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

During our audit we received cooperation and assistance from management and the office staff. We wish to thank them for their help.

Buffington & Hoatland CPAs PLLC

Buffington & Hoatland CPAs, PLLC
Auburn, New York
March 22, 2017



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A Professional Limited Liability Company

To the Board of Directors
Auburn Industrial Development Authority

We have audited the financial statements of Auburn Industrial Development Authority for the year ended December 31, 2016, and have issued our report thereon dated March 22, 2017. Professional standards require that we provide you with the following information about our responsibilities under generally accepted 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 4, 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 Auburn Industrial Development Authority 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 2016. 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. Currently, there are no significant accounting estimates.

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. Management has corrected all such misstatements. The following material misstatement detected as a result of audit procedures was corrected by management: The bond receivable and bond payable required an adjustment of \$20,361.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial statement 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 22, 2017.

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 Auburn Industrial Development Authority'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 Auburn Industrial Development Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

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

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Buffington & Hoatland CPAs, PLLC

Buffington & Hoatland CPAs, PLLC
Auburn, New York
March 22, 2017