

**TROY LOCAL DEVELOPMENT  
CORPORATION  
Financial Statements**

**December 31, 2018 and 2017**

# **TROY LOCAL DEVELOPMENT CORPORATION**

## **Financial Statements**

**December 31, 2018 and 2017**

### Financial Statements

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Troy Local Development Corporation  
Troy, New York

We have audited the accompanying financial statements of Troy Local Development Corporation (the "Organization") as of December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

### **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 audits. 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 of 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Organization'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 Organization'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 audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Troy Local Development Corporation as of December 31, 2018 and 2017, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Management has omitted Management's Discussion and Analysis for the year ended December 31, 2018, 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.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2019 on our consideration of Troy Local Development Corporation's internal control over financial reporting and on 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 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 the Organization's internal control over financial reporting and compliance.

*Wojedci + Company CPA, P.C.*

East Greenbush, New York  
March 25, 2019

## TROY LOCAL DEVELOPMENT CORPORATION

### Statement of Net Position

	December 31,	
	2018	2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 419,178	\$ 502,996
Accounts receivable, net	-	10,000
Loans receivable - current portion, net	71,642	126,863
Prepaid expenses	<u>16,897</u>	<u>19,367</u>
	<b>TOTAL CURRENT ASSETS</b>	<b>507,717</b>
	659,226	
<b>NONCURRENT ASSETS</b>		
Capital assets, net	542,116	555,486
Property held for development and resale	2,036,228	2,058,728
Loan receivable, net	72,330	153,820
Prepaid interest	37,099	46,755
Security deposits	<u>614</u>	<u>614</u>
	<b>TOTAL ASSETS</b>	<b>3,196,104</b>
	3,474,629	
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Loan payable, current portion	139,167	139,167
Accounts payable and accrued expenses	5,187	8,962
Accrued interest	18,972	21,115
Grants payable	<u>-</u>	<u>15,000</u>
	<b>TOTAL CURRENT LIABILITIES</b>	<b>163,326</b>
	184,244	
<b>LONG-TERM LIABILITIES</b>		
Loan payable, long-term	969,166	1,108,333
Pollution remediation obligation	<u>965,000</u>	<u>965,000</u>
	<b>1,934,166</b>	<b>2,073,333</b>
	<b>TOTAL LIABILITIES</b>	<b>2,097,492</b>
	2,257,577	
<b>NET POSITION</b>		
Net investment in capital assets	542,116	555,486
Unrestricted	<u>556,496</u>	<u>661,566</u>
	<b>TOTAL NET POSITION</b>	<b>\$ 1,098,612</b>
	<b>\$ 1,217,052</b>	

See accompanying notes to financial statements.

**TROY LOCAL DEVELOPMENT CORPORATION**

**Statement of Revenues, Expenses and Change in Net Position**

	For the Year Ended December 31,	
	2018	2017
<b>OPERATING REVENUES</b>		
Rental income	\$ 81,672	\$ 86,172
Administrative fees	-	52,500
Interest income	14,911	25,608
Other income	9,873	43,789
<b>TOTAL OPERATING REVENUES</b>	<b>106,456</b>	<b>208,069</b>
<b>OPERATING EXPENSES</b>		
Professional fees	94,652	105,995
Insurance	16,914	15,927
Depreciation	8,586	8,928
Utilities	3,024	3,154
Economic development grants	2,500	2,500
Repairs and maintenance	1,739	3,633
Property taxes	1,370	12,390
Provision for bad debts	(5,000)	20,536
Other expenses	483	6,586
<b>TOTAL OPERATING EXPENSES</b>	<b>124,268</b>	<b>179,649</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(17,812)</b>	<b>28,420</b>
<b>NON-OPERATING EXPENSE</b>		
Interest expense	(73,444)	(81,092)
Loss on disposal of assets	(27,184)	-
<b>TOTAL NON-OPERATING EXPENSE</b>	<b>(100,628)</b>	<b>(81,092)</b>
<b>CHANGE IN NET POSITION</b>	<b>(118,440)</b>	<b>(52,672)</b>
<b>NET POSITION, beginning of year</b>	<b>1,217,052</b>	<b>1,269,724</b>
<b>NET POSITION, end of year</b>	<b>\$ 1,098,612</b>	<b>\$ 1,217,052</b>

See accompanying notes to financial statements.

**TROY LOCAL DEVELOPMENT CORPORATION**

**Statement of Cash Flows**

	For the Year Ended December 31,	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 121,456	\$ 207,852
Payments to vendors	(139,571)	(263,563)
Payments for loan advances	(10,000)	(55,000)
Proceeds from loan repayments	<u>146,711</u>	<u>516,036</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 118,596	 405,325
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Payment on loan payable	(139,167)	(139,166)
Interest paid	(63,347)	(69,692)
Proceeds from the sale of capital assets	<u>100</u>	<u>-</u>
 NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	 <u>(202,414)</u>	 <u>(208,858)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (83,818)	 196,467
 Cash and cash equivalents at beginning of year	 <u>502,996</u>	 <u>306,529</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 <u>\$ 419,178</u>	 <u>\$ 502,996</u>
 <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (17,812)	28,420
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	8,586	8,928
Provision for (recovery of) bad debts	(5,000)	20,536
Changes in operating assets and liabilities:		
Accounts receivable	15,000	(8,205)
Loans receivable	136,711	461,036
Prepaid expenses	(114)	(1,010)
Other current assets	-	7,988
Accounts payable and accrued expenses	(3,775)	(464)
Grants payable	<u>(15,000)</u>	<u>(111,904)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>\$ 118,596</u>	 <u>\$ 405,325</u>

See accompanying notes to financial statements.

## **TROY LOCAL DEVELOPMENT CORPORATION**

### **Notes to Financial Statements**

**December 31, 2018 and 2017**

### **NOTE A--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Troy Local Development Corporation (“TLDC”) is a not-for-profit corporation that was established in 1987 for the purposes of constructing, acquiring, rehabilitating, and improving buildings or sites in the City of Troy, New York (“City”), or to assist financially in the construction, acquisition, rehabilitation, and improvement of buildings or sites within the City, and to foster employment opportunities for City residents, including business retention and attraction, and job creation and retention.

The TLDC is a public instrumentality of and supporting organization for, but is separate and apart from, the City.

#### **Basis of Presentation**

The TLDC’s financial statements are prepared using the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and financial reporting treatment applied to the TLDC is determined by its measurement focus. The transactions of the TLDC are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the statement of net position. Net position is classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows, if applicable:

**Net investment in capital assets:** consists of capital assets, net of accumulated depreciation reduced by the outstanding balances of any related debt obligations and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather that portion of the debt is included in restricted net position.

## **TROY LOCAL DEVELOPMENT CORPORATION**

### **Notes to Financial Statements--Continued**

#### **NOTE A--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued**

Restricted net position: This component of net position represents external restrictions on net position imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position: This component represents net position that does not meet the definition of "restricted".

When both restricted and unrestricted resources are available for use, it is the TLDCs policy to use restricted resources first, then unrestricted resources as needed.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Cash and Cash Equivalents

The Corporation considers as cash all demand deposits and all highly liquid investments which are readily convertible to cash.

#### Receivables

Accounts receivable are non-interest bearing and are carried at their estimated collectible amounts. Accounts receivable are periodically evaluated for collectability based on a review of outstanding receivables, historical collection information and current economic conditions.

#### Loans Receivable

Loans receivable are carried at their estimated collectible amounts. The TLDC determines its allowance for doubtful accounts by regularly evaluating individual receivables and considering collateral value, financial condition, credit history, and current economic conditions. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. The allowance for doubtful accounts was approximately \$31,000 and \$81,000 at December 31, 2018 and 2017, respectively.

## **TROY LOCAL DEVELOPMENT CORPORATION**

### **Notes to Financial Statements--Continued**

#### **NOTE A--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued**

##### Capital Assets

Acquisition of property and equipment are recorded at cost. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas remediation, maintenance, and repair costs are expensed as incurred. When property and equipment is sold or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resultant gain or loss is credited or charged to the change in net position. Depreciation is provided for in amounts to relate the cost of depreciable assets to operations over their estimated useful lives on a straight-line basis using an estimated life of 40 years.

##### Property Held for Development and Resale

Property held for development and resale is recorded at cost and is carried at the lower of cost or fair value. Major additions, renewals, and betterments are capitalized, whereas remediation, maintenance, and repair costs are expensed as incurred. When property held for development or resale is sold or otherwise disposed of, the appropriate accounts are relieved of costs and any resultant gain or loss is credited or charged to the change in net position.

Recognition of impairment of property held for development and resale is required when events and circumstances indicate that an entity will not be able to recover the carrying amount of these assets. The TLDC recognizes an impairment loss, equal to the amount by which the carrying amount of an asset exceeds its fair value, if the carrying amount of the asset is not recoverable, and the carrying amount of the asset exceeds its fair value. During the years ended December 31, 2018 and 2017, no impairment loss has been recognized.

The LDC sold a property during the year and recognized a loss of approximately \$22,000 on the sale.

##### Revenue and Expense Recognition

Rental income is recognized on the straight-line basis over the lease term. Grant income is recognized as costs are incurred. Expenses are recognized when incurred. TLDC distinguishes operating revenues and expenses from non-operating items. Operating revenues are determined based on the services provided by TLDC. Operating expenses include the costs associated with providing those services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

##### Income Taxes

The TLDC is exempt from income taxes as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and comparable New York State law. Accordingly, no provisions have been made for income taxes in these financial statements.

## **TROY LOCAL DEVELOPMENT CORPORATION**

### **Notes to Financial Statements--Continued**

#### **NOTE A--ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--Continued**

##### Reclassifications

Certain amounts for the year ended December 31, 2017 have been reclassified to conform to the presentation for the year ended December 31, 2018. These reclassifications had no effect on changes in net position or total net position.

##### Subsequent Events

The TLDC evaluates transactions that occur subsequent to year end for potential recognition or disclosure in the financial statements through the date on which the financial statements are available to be issued. The financial statements were approved by management and available to be issued on March 25, 2019.

#### **NOTE B--CASH AND CASH EQUIVALENTS**

TLDC's investment policies are governed by New York State statutes. In addition, TLDC has its own written investment policy. TLDC is authorized to use demand deposit accounts, money market accounts, and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and those of New York State and its municipalities and school districts.

All cash of TLDC is maintained in accounts covered by the Federal Deposit Insurance Corporation (FDIC). In accordance with state law, collateral is required for demand deposits and certificates of deposit not covered by FDIC insurance. TLDC's uninsured deposits are collateralized by accounts held by the pledging financial institution agent in TLDC's name.

#### **NOTE C--ACCOUNTS RECEIVABLE**

Accounts receivable consist of the following as of December 31:

	<u>2018</u>	<u>2017</u>
Rents receivable	\$ -	\$ 15,000
Allowance for doubtful accounts	- _____ \$ -	(5,000) _____ \$ 10,000

## TROY LOCAL DEVELOPMENT CORPORATION

### Notes to Financial Statements--Continued

#### NOTE D--LOANS RECEIVABLE

TLDC administers an economic development loan program with the primary objective of stimulating the City's economic base in order to create new job opportunities. Loans are made to eligible borrowers meeting targeted economic criteria at market interest rates, ranging from 4.25% to 6.75%.

Loans made under the program are generally collateralized by machinery, equipment, or real property of the borrower. Certain loans require fixed monthly payments while others are due in one lump sum payment. A summary of loans receivable is as follows:

	2018	2017
Loans receivable	\$ 174,814	\$ 361,219
Allowance for doubtful accounts	(30,842)	(80,536)
	<u>\$ 143,972</u>	<u>\$ 280,683</u>
Loans receivable, beginning of year	\$ 361,219	\$ 822,255
Advances	10,000	55,000
Repayments	(146,711)	(516,036)
Loans written off	(49,694)	-
	<u>\$ 174,814</u>	<u>\$ 361,219</u>

#### NOTE E--CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2018 is as follows:

	Beginning Balance	Additions	Subtractions	Ending Balance
Land	\$ 397,501	\$ -	\$ -	\$ 397,501
Buildings and improvements	191,051	-	-	191,051
Equipment	20,495	-	(20,495)	-
	<u>609,047</u>	<u>-</u>	<u>(20,495)</u>	<u>588,552</u>
Less: accumulated depreciation:				
Buildings and improvements	41,606	4,830	-	46,436
Equipment	11,955	3,756	(15,711)	-
	<u>53,561</u>	<u>8,586</u>	<u>(15,712)</u>	<u>46,436</u>
Total, net	<u>\$ 555,486</u>	<u>\$ (8,586)</u>	<u>\$ (4,784)</u>	<u>\$ 542,116</u>

## **TROY LOCAL DEVELOPMENT CORPORATION**

### **Notes to Financial Statements--Continued**

#### **NOTE E--CAPITAL ASSETS--Continued**

Capital assets activity for the year ended December 31, 2017 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Subtractions</b>	<b>Ending Balance</b>
Land	\$ 397,501	\$ -	\$ -	\$ 397,501
Buildings and improvements	191,051	-	-	191,051
Equipment	20,495	-	-	20,495
	<u>609,047</u>	<u>-</u>	<u>-</u>	<u>609,047</u>
Less: accumulated depreciation:				
Buildings and improvements	36,777	4,829	-	41,606
Equipment	7,856	4,099	-	11,955
	<u>44,633</u>	<u>8,928</u>	<u>-</u>	<u>53,561</u>
Total, net	<u>\$ 564,414</u>	<u>\$ (8,928)</u>	<u>\$ -</u>	<u>\$ 555,486</u>

#### **NOTE F--PROPERTY HELD FOR DEVELOPMENT OR RESALE**

Property held for development of resale consisted of the following as of December 31:

	<b>2018</b>	<b>2017</b>
King Fuels Sites	\$ 1,921,228	\$ 1,921,228
Main Street - Alamo	115,000	115,000
2265 Fifth Ave	-	22,500
	<u>\$ 2,036,228</u>	<u>\$ 2,058,728</u>

#### **NOTE G--LOAN PAYABLE**

During 2006, TLDC entered into a loan agreement with the City for \$3,000,000 to be used for property acquisition and economic development. The agreement requires semi-annual interest payments at 5% and annual principal payments to the City as billed by the United States Department of Housing and Urban Development (HUD) Section 108 loan authorization pursuant to the Brownfields Economic Development Initiative ("BEDI"). During 2015, TLDC made a \$400,354 payment to the City - \$305,167 was applied to the loan principal and \$95,187 was prepaid interest. The prepaid interest is being amortized over the remaining term of the loan. The loan matures in August 2026 and is secured by a mortgage on real property. Activity in loans payable for the year ended December 31, 2018, was as follows:

## **TROY LOCAL DEVELOPMENT CORPORATION**

### **Notes to Financial Statements--Continued**

#### **NOTE G--LOAN PAYABLE--Continued**

	Principal Outstanding at 12/31/2017	Additions	Redemptions	Principal Outstanding at 12/31/2018
Loan payable	<u>\$ 1,247,500</u>	<u>\$ -</u>	<u>\$ (139,167)</u>	<u>\$ 1,108,333</u>
Less current portion				<u>139,167</u>
				<u><u>\$ 969,166</u></u>

A summary of future principal payments and estimated interest payments is as follows:

Year Ending December 31,	Bond Principal	Bond Interest	Total Debt Service Requirements
2019	\$ 139,167	\$ 56,917	\$ 196,084
2020	139,167	50,139	189,306
2021	139,167	43,237	182,404
2022	139,167	36,209	175,376
2023	139,167	29,069	168,236
Thereafter	<u>412,498</u>	<u>43,551</u>	<u>456,049</u>
	<u><u>\$ 1,108,333</u></u>	<u><u>\$ 259,122</u></u>	<u><u>\$ 1,367,455</u></u>

Interest expense was \$73,444 and \$81,092 for the years ended December 31, 2018 and 2017, respectively.

#### **NOTE H--RENTAL INCOME**

TLDC has an active lease agreement arising from the leasing of property owned by TLDC. The lease agreement requires monthly lease payments of approximately \$5,500 and expires in December 2023. The lease includes renewal options.

A summary of future minimum rental payments due to TLDC under operating lease agreements is as follows:

## **TROY LOCAL DEVELOPMENT CORPORATION**

### **Notes to Financial Statements--Continued**

#### **NOTE H--RENTAL INCOME**

For the year ending December 31,		
2019	\$	66,672
2020		66,672
2021		66,672
2022		66,672
2023		66,672
	<hr/>	<hr/>
		\$ 333,360

#### **NOTE I--COMMITMENTS AND CONTINGENCIES**

##### Environmental Risks

TLDC is developing and implementing a plan for pollution remediation and site development on the King Fuel properties with assistance from the New York State Department of Environmental Conservation and National Grid. Preliminary testing and clean-up efforts began in late 2007 and are expected to continue for several years. TLDC funding assistance has been provided through the BEDI grant and loan funds. TLDC evaluates its pollution remediation obligations by updating its estimate of future cash outlays as well as recoveries on at least an annual basis, or as events occur that would cause TLDC to re-estimate its liability and recovery calculations. In addition, any adjustments to the liabilities are reported as more information becomes available. Total estimated future outlays for these sites as of December 31, 2018 and 2017, totaled \$965,000.

##### Program Grant and Loan Commitments

The TLDC has approved various applications for funding under its loan and grant programs. Funding of the approved amounts is dependent upon the applicant meeting various documentation requirements.

#### **NOTE J--RELATED PARTY TRANSACTIONS**

##### City of Troy

The City of Troy provides staff support and office space to TLDC without compensation.

## **TROY LOCAL DEVELOPMENT CORPORATION**

### **Notes to Financial Statements--Continued**

#### **NOTE J--RELATED PARTY TRANSACTIONS--Continued**

##### Troy Industrial Development Authority

During the year ended December 31, 2017, TLDC and the Troy Industrial Development Authority (IDA) entered into a fee sharing agreement. Under the agreement, the IDA will provide TLDC a portion of the administration fee for board approved projects that include TLDC involvement. During the years ended December 31, 2018 and 2017, TLDC received administration fees totaling \$0 and \$52,500, respectively, from the IDA pursuant to this agreement.

## **COMPLIANCE REPORT**



**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  
Troy Local Development Corporation  
Troy, New York

We have audited, in accordance with the 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 Troy Local Development Corporation ("TLDC"), which comprise the statement of net position as of December 31, 2018, and the related statements of revenues, expenses and change in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon March 25, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered TLDC'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 TLDC's internal control. Accordingly, we do not express an opinion on the effectiveness of TLDC'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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in

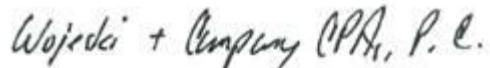
internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Troy 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 TLDC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TLDC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive ink that reads "Wojcik & Company, CPA, P.C." The signature is written in a fluid, cursive style with a black pen.

East Greenbush, New York

March 25, 2019