

**Schoharie County Industrial Development Agency**  
**349 Mineral Springs Road**  
**Cobleskill, NY 12043**

September 10, 2015

Mostert, Manzanero & Scott, LLP  
4 Associate Drive  
Oneonta, NY 13820

This representation letter is provided in connection with your audit of the financial statements of the Schoharie County Industrial Development Agency (the "IDA") which comprise the statements of net position as of June 30, 2015 and 2014 and the related statements of revenues, expenditures and changes in net position and statements of cash flows for the years 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 of America (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 September 10, 2015, 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 April 1, 2015, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
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, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been made adjusted or disclosed. No events, including instances of noncompliance have occurred subsequent to the statements of net position date and though the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
8. There are no audit differences that have not been corrected. We have approved and entered the attached adjusting journal entries.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Guarantees, whether written or oral, under which the IDA is contingently liable, have been properly recorded or disclosed.

#### **Information Provided**

11. We have provided you with:
  - a. 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;
  - b. Additional information that you have requested from us for the purpose of the audit;
  - c. Unrestricted access to persons within the IDA from whom you determined it necessary to obtain audit evidence; and
  - d. Minutes of the meetings of the IDA 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 IDA and involves:
  - a. Management;
  - b. Employees who have significant roles in internal control; or
  - c. 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 IDA's financial statements communicated by employees, former employees, grantors, regulators, or others.
16. We have disclosed to you all known actual or possible litigation, claims, or assessments whose effects should be considered when preparing the financial statements.

17. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
18. We have disclosed to you the identity of the IDA's related parties and all the related party relationships and transactions of which we are aware.

**Governmental Specific**

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
21. The IDA has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
22. The IDA has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
23. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
24. Provisions for uncollectible receivables have been properly identified and recorded.
25. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
26. The IDA has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
27. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.
28. We have identified and disclosed to you all instances which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives and any other instances that warrant the attention of those charged with governance.
29. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

30. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
31. There are no violations or possible violations of laws and regulations (including those pertaining to adopting, approving and amending budgets), provisions of contracts and grant agreements whose effect should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
32. As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
33. Components of net position (net investment in capital assets; restricted; and unrestricted), are properly classified and, if applicable approved.
34. Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
35. Deposits and investment securities and derivate instruments are properly classified as to risk and are properly disclosed.
36. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
37. We acknowledge our responsibility for presenting the other financial information on Pages 20 – 23 in accordance with accounting principles generally accepted in the United States of America, and we believe the other financial information, including it form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the other financial information has not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Signed:

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Ronald Filmer, Jr., CEO

12:55 PM

08/21/15

Accrual Basis

Schoharie County Industrial Dev. Agency  
**Adjusting Journal Entries**

July 2014 through June 2015

Date	Num	Name	Memo	Account	Debit	Credit
06/30/2015	MMSAJE15-1		TO RECLASS ACCRUED INTEREST FROM PY ...	201.1 · CD Community ...	3,436.05	
			TO RECLASS ACCRUED INTEREST FROM PY ...	201.7 · CD Trustco	341.05	
			TO RECLASS ACCRUED INTEREST FROM PY ...	380.20 · Accrued interes...		2,391.90
			TO RECLASS ACCRUED INTEREST FROM PY ...	2401.11 · Interest, CD		1,385.20
					3,777.10	3,777.10
06/30/2015	MMSAJE15-2		to record depreciation expense	6460.3 · Depreciation	6,780.81	
			to record depreciation expense	112 · Accumulated Depr...		6,780.81
					6,780.81	6,780.81
06/30/2015	MMSAJE15-3		to record client entry for admin services	392.4 · Due from Micro ...	5,000.00	
			to record client entry for admin services	Other A · Other Admin I...		5,000.00
					5,000.00	5,000.00
06/30/2015	MMSAJE15-4		to write off NR Maranatha	6460.9 · Bad Debt	35,000.00	
			to write off NR Maranatha	381.1 · Acct Rcvb - Mar...		35,000.00
					35,000.00	35,000.00
<b>TOTAL</b>					<b>50,557.91</b>	<b>50,557.91</b>

10:16 AM  
08/05/15  
Accrual Basis

**IDA Revolving Loan Fund**  
**Adjusting Journal Entries**  
July 2014 through June 2015

<u>Date</u>	<u>Num</u>	<u>Name</u>	<u>Memo</u>	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
06/30/2015	MMSAJE15-1		TO REVERSE DEFERRED REVE...	Deferred Income	2,717.36	
			TO REVERSE DEFERRED REVE...	Interest income recov...		2,717.36
					<u>2,717.36</u>	<u>2,717.36</u>
TOTAL					<u>2,717.36</u>	<u>2,717.36</u>

8:59 AM  
 08/24/15  
 Accrual Basis

**SCIDA Micro Enterprise**  
**Adjusting Journal Entries**  
 July 2014 through June 2015

Date	Num	Name	Memo	Account	Debit	Credit
06/30/2015	MMSAJE15-2		to reclass interest earned on... to reclass interest earned on...	Deferred Income Interest Income Reco...	8,869.92	8,869.92
					8,869.92	8,869.92
06/30/2015	MMSAJE15-3	Three Johns, ...	to reclass loan payment rec... to reclass loan payment rec... to reclass loan payment rec...	Accrued income 212 - Bulls Head Inn interest - Bull's Head	488.60	374.84 113.76
					488.60	488.60
06/30/2015	MMSAJE15-4	IDA General	to record entry per client to record entry per client	Administration Budge... IDA General	5,000.00	5,000.00
					5,000.00	5,000.00
06/30/2015	MMSAJE15-5	Abdul Alodain	to write off Abdul NR to write off Abdul NR	Bad Debt Abdul Loan - Micro #2	88,942.34	88,942.34
					88,942.34	88,942.34
<b>TOTAL</b>					<b>103,300.86</b>	<b>103,300.86</b>