



Buffington & Hoatland CPAs

A Professional Limited Liability Company

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
Auburn Local Development Corporation

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 the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Auburn Local Development Corporation, as of and for the year ended December 31, 2016 and the related notes to the financial statements, which collectively comprise the Auburn Local Development Corporation basic financial statements, and have issued our report thereon dated March 28, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Auburn 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 Auburn Local Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses. [2016-001].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Auburn Local Development Corporation's financial statements are free from 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 did not disclose instances of noncompliance or other matters that are required to be reported *under Government Auditing Standards*.

Auburn Local Development Corporation's Response to Findings

Auburn Local Development Corporation's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Auburn Local Development Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion on it.

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Buffington & Hoatland CPAs, PLLC

Buffington & Hoatland CPAs, PLLC
Auburn, New York
March 28, 2017

Auburn Local Development Corporation

Schedule of Findings and Responses

December 31, 2016

I. SUMMARY OF AUDIT RESULTS

1. The independent auditor's report expresses an unmodified opinion on the financial statements of *Auburn Local Development Corporation*.
2. One material weakness relating to the audit of the financial statements is reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "*Governmental Auditing Standards*".
3. There were no instances of noncompliance material to the financial statements of *Auburn Local Development Corporation* reported in the 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*".

II. FINANCIAL STATEMENTS AUDIT – FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

Year ended December 31, 2016

2016-001 Financial Reporting

Condition and criteria: During our audit testing for accounts payable, we noted an invoice that should have been included in accounts payable and as a 2016 expense was not recorded.

Effect: The effect is that the Corporation understated accounts payable and professional expenses for the year ended December 31, 2016.

Auditor's Recommendations: We believe it is extremely important that proper internal control procedures be established and followed for the recording and processing of all invoices. The general ledger and statements should also be reviewed for completeness.

Corporation's Response: The Corporation will review their internal control procedures and will ensure that existing reconciliation procedures are being performed in an appropriate time frame.