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**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***

Board of Directors  
Town of North Greenbush  
Industrial Development Agency  
North Greenbush, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Town of North Greenbush Industrial Development Agency, as of and for the year ended December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated January 29, 2014.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of North Greenbush Industrial Development Agency'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 the Town of North Greenbush Industrial Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of North Greenbush Industrial Development Agency'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town of North Greenbush Industrial Development Agency'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. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and responses as 2013-01 and 2013-02 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of North Greenbush Industrial Development Agency's financial statements are free from 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 Town of North Greenbush Industrial Development Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CUSACK & COMPANY, CPA'S LLC**

Albany, New York  
January 29, 2014

**TOWN OF NORTH GREENBUSH**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2013

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**CURRENT YEAR FINDINGS**

*Finding 2013-1: Outsourcing of Financial Statement Preparation Process to Your Auditors*

The American Institute of Certified Public Accountants Statement on Auditing Standards (“SAS”) requires the reporting of a significant deficiency if the Agency does not employ an individual with the necessary qualifications to prepare a complete set of financial statements and related footnotes in accordance with generally accepted accounting principles. As the Agency Treasurer is not a certified public accountant, he is not able to insure the financial statements and related footnotes are in accordance with generally accepted accounting principles. As a result, Cusack & Company, CPA’s LLC has assisted the Agency in preparing its financial statements. Management continues to make all management decisions and perform all management functions. Additionally, management has designated an individual who possesses suitable skill, knowledge and experience to oversee our services. Such individual is responsible to evaluate the adequacy and results of the services performed, accepts responsibility for the results of the services, and maintains control and monitors such services. A similar comment was made in prior years.

We recommend that management consider the costs and benefits of obtaining an employee, consultant, volunteer, or board member with the appropriate technical expertise to satisfy the requirements of SAS.

Management’s Response: The IDA will consider the costs and benefits of implementing the auditor’s recommendations.

*Finding 2013-2: Collection Procedures and Allowance for Loan Losses*

During our audit we noted three loans (\$75,073) that had been inactive for multiple years and two loans (\$130,435) that appear to be at risk. There is no formal written collection process. Additionally, there are no procedures to evaluate and adjust the allowance for loan losses. A similar comment was made in prior years.

We recommend that management develop and implement a formal written collection policy and procedure to evaluate and appropriately adjust the allowance for loan losses.

Management’s Response: The IDA is in the process of developing and implementing a policy dealing with collection procedures, delinquency and evaluating the adequacy of the allowance for loan losses.

**PRIOR YEAR FINDINGS**

*Finding 2012-1: Outsourcing of Financial Statement Preparation Process to Your Auditors*

Status: Comment was repeated in 2013.

*Finding 2012-2: Collection Procedures and Allowance for Loan Losses*

Status: Comment was repeated in 2013.