

SARANAC LAKE LOCAL DEVELOPMENT CORPORATION
REGULATORY BASIS FINANCIAL STATEMENTS
and
INDEPENDENT AUDITOR'S REPORT

For the Year Ended December 31, 2014

Richard H. Dinolfo
Certified Public Accountant
Queensbury, New York

SARANAC LAKE LOCAL DEVELOPMENT CORPORATION

**REGULATORY BASIS FINANCIAL STATEMENTS
and
INDEPENDENT AUDITOR'S REPORT**

For the Year Ended December 31, 2014

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REPORT ON THE FINANCIAL STATEMENTS

Independent Auditor's Report

Chairman and Members of the Board of Directors
Saranac Lake Local Development Corporation
Saranac Lake, New York

Report on the Financial Statements

We have audited the accompanying regulatory basis financial statements of the Saranac Lake Local Development Corporation (SLLDC) as of and for the year ended December 31, 2014 which collectively comprise the SLLDC's regulatory basis financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Board of Directors and other management of the SLLDC are responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting and reporting prescribed by the Authorities Budget Office of the State of New York.

As more fully described in Note A to the regulatory basis financial statements, the SLLDC prepared these financial statements using regulatory accounting and reporting practices prescribed by the Authorities Budget Office of the State of New York (ABO) for submitting annual financial reports to that office and to the Village of Saranac Lake, New York (Village). This regulatory basis of accounting and reporting is a special framework basis of accounting and reporting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and reporting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

The Board of Directors and other management of the SLLDC are also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the regulatory basis financial statements reported 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 auditor considers internal control relevant to the SLLDC'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 SLLDC's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the significant 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 opinions.

Auditor's Opinion

In our opinion, the accompanying regulatory basis financial statements referred to above present fairly, in all material respects, the financial position of the Saranac Lake Local Development Corporation as of December 31, 2014, and the results of its operations for the year then ended, in accordance with the regulatory basis of accounting and reporting described in Note A.

Report on Government Auditing Standards

In accordance with *Government Auditing Standards* issued by the Comptroller General, we have also issued our report dated September 24, 2015 on our consideration of the SLLDC'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 of internal control over financial reporting and on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SLLDC's internal control over financial reporting and compliance.

Intended Use of This Report

As there are differences between financial statements prepared in accordance with accounting principles generally accepted in the United States of America and financial statements prepared in accordance with the regulatory basis of accounting and reporting prescribed by the ABO for reporting to that office and to the Village, this report is not intended to be used by anyone not understanding those differences. Accordingly, this report is intended solely for the information and use of the Board of Directors and other management of the SLLDC, and for filing with the ABO and the Village, and is not intended to be used for any other purpose.



Richard H. Dinolfo CPA
Queensbury, New York

September 24, 2015

SARANAC LAKE LOCAL DEVELOPMENT CORPORATION

**BALANCE SHEET
December 31, 2014**

ASSETS	
Cash and cash equivalents	\$ 9,176
Total assets	<u>9,176</u>
LIABILITIES	
Accounts payable	<u>\$ -</u>
NET ASSETS	
Unrestricted	<u>9,176</u>
Total net assets	<u>9,176</u>
Total liabilities and net assets	<u>\$ 9,176</u>

The accompanying Notes to Regulatory Basis Financial Statements are an integral part of these statements.

SARANAC LAKE LOCAL DEVELOPMENT CORPORATION

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Year Ended December 31, 2014

OPERATING REVENUES	
Contributions from the Village of Saranac Lake, New York	\$ -
Donations	<u>8,425</u>
Total operating revenues	8,425
OPERATING EXPENSES	
Administrative costs	<u>2,185</u>
Total operating expenses	<u>2,185</u>
Operating income	<u>6,240</u>
CHANGE IN NET ASSETS	6,240
NET ASSETS, <i>beginning of year</i>	<u>2,936</u>
NET ASSETS, <i>end of year</i>	<u><u>\$ 9,176</u></u>

The accompanying Notes to Regulatory Basis Financial Statements are an integral part of these statements.

SARANAC LAKE LOCAL DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS
Year Ended December 31, 2014

**CASH FLOWS PROVIDED (USED) BY OPERATING
ACTIVITIES**

Contributions from the Village of Saranac Lake, New York	\$ -
Donations	8,425
Administrative costs	<u>(2,185)</u>
Net cash flows provided (used) by operating activities	<u>6,240</u>

**CASH FLOWS PROVIDED (USED) BY NONCAPITAL AND RELATED
FINANCING ACTIVITIES**

-
-

**CASH FLOWS PROVIDED (USED) BY INVESTING
ACTIVITIES**

Interest earned	<u>-</u>
	<u>-</u>

Net increase (decrease) in cash and cash equivalents **6,240**

CASH AND CASH EQUIVALENTS, *beginning of year* 2,936

CASH AND CASH EQUIVALENTS, *end of year* \$ 9,176

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating income	<u>\$ 6,240</u>
Net cash provided (used) by operating activities	<u><u>\$ 6,240</u></u>

The accompanying Notes to Regulatory Basis Financial Statements are an integral part of these statements.

SARANAC LAKE LOCAL DEVELOPMENT CORPORATION

NOTES TO REGULATORY BASIS FINANCIAL STATEMENTS

Year Ended December 31, 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Saranac Lake Local Development Corporation (SLLDC) was incorporated June 9, 2010 as a domestic not-for-profit corporation under section 1411 of the Not-For-Profit Corporation Law of the State of New York.

The Authorities Budget Office of the State of New York (ABO) has the basic responsibility to provide oversight to local development corporations and other applicable public authorities in accordance with applicable laws of the State of New York. The ABO has developed a comprehensive on-line reporting system, known as the Public Authorities Reporting Information System (PARIS), for organizations subject to the provisions of applicable laws of the State of New York to report their financial statements and other required information. Accordingly, the SLLDC is required to prepare its financial statements on this regulatory basis of accounting prescribed by the ABO for submitting PARIS Reports to that office and also to the Village of Saranac Lake, New York (Village).

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles that are generally accepted in the United States of America. The regulatory basis of accounting and reporting referred to above varies from accounting principles generally accepted in the United States of America primarily because it requires the use of only one fund to report both governmental and business-type activities and does not require the implementation of GASB Statement Nos. 34, 38, and other applicable statements.

In preparing the regulatory basis financial statements in conformity with the accounting principles described above, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the regulatory basis financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying regulatory basis financial statements follows.

1. Financial Reporting Entity

In evaluating how to define the SLLDC for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria in the regulatory basis of financial reporting. This criteria generally includes determinations about the Board of Directors' ability to exercise oversight responsibility, the scope of public service provided by the entity, and the existence of special financing relationships. Based upon the application of these criteria, the SLLDC is not considered a component unit of the Village and no other entities are considered to be component units of the SLLDC.

SARANAC LAKE LOCAL DEVELOPMENT CORPORATION

NOTES TO REGULATORY BASIS FINANCIAL STATEMENTS

Year Ended December 31, 2014

2. *Basis of Presentation, Fund Accounting*

In accordance with the regulatory basis of accounting referred to above, the SLLDC uses a single fund to report its financial position and the results of its operations for both governmental and business-type activities, if any. A fund is a separate accounting entity with a self-balancing set of accounts.

3. *Measurement Focus and Basis of Accounting*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. Under the regulatory basis of accounting referred to above, the SLLDC's single fund is required to be accounted for using the measurement focus and basis of accounting as appropriate for proprietary funds. Similar to business enterprises, the SLLDC is required to utilize a measurement focus based on the flow of economic resources for both its governmental and business-type activities. This would include the capitalization of capital assets, if any, charging depreciation expense, and recording long-term debt, if any, within the single fund, if applicable.

4. *Budgetary Data*

The SLLDC has not adopted an annual budget for operational purposes, but has developed a business plan for the 2013-2014 period. Most operating services are provided by SLLDC personnel on an as needed basis.

5. *Cash and Cash Equivalents*

Cash and cash equivalents includes the amount on deposit in the SLLDC's demand deposit account. The SLLDC did not have any investments as of December 31, 2014.

NOTE B - CASH

The SLLDC's cash assets consisted of amounts on deposit in the SLLDC's demand deposit account. The SLLDC's cash assets at December 31, 2014 were fully covered by the Federal Deposit Insurance SLLDC (FDIC) limit of \$250,000 per depositor, per bank.

NOTE C - RECEIVABLES

The SLLDC reports no receivables as of December 31, 2014.

NOTE D - CAPITAL ASSETS

Through the year ended December 31, 2014, the SLLDC had not acquired any capital assets for use in its governmental or business-type activities. Office space, minor equipment items, and certain other resources were provided to the SLLDC by the Village of Saranac Lake, New York. Accordingly, no capital assets are shown in the financial statements.

NOTE E - DEBT

As of December 31, 2014, the SLLDC reports no outstanding debt.

SARANAC LAKE LOCAL DEVELOPMENT CORPORATION

NOTES TO REGULATORY BASIS FINANCIAL STATEMENTS

Year Ended December 31, 2014

NOTE F - COMMITMENTS AND CONTINGENCIES

The 2013-2014 business plan adopted by the SLLDC outlines its public objectives to apply for grants and loans, among other initiatives, to achieve its corporate purposes. The SLLDC has also entered into arrangements with the Village for startup funding for 2013 and 2014.

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Certified Public Accountant

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**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**

Independent Auditor's Report

Chairman and Members of the Board of Directors
Saranac Lake Local Development Corporation
Saranac Lake, New York

We have audited, 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, the regulatory basis financial statements of Saranac Lake Local Development Corporation (SLLDC), as of and for the fiscal year ended December 31, 2014, and have issued our report thereon dated September 24, 2015.

Internal Control over Financial Reporting

The Board of Directors and other management of the SLLDC are responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit of the financial statements, we considered the SLLDC'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 opinions on the regulatory basis financial statements, but not for the purpose of expressing an opinion on the effectiveness of the SLLDC's internal control. Accordingly, we do not express an opinion on the effectiveness of the SLLDC'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 SLLDC'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 the Board of Directors who are 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the SLLDC'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 the SLLDC'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 SLLDC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Richard H. Dinolfo CPA". The signature is stylized and cursive.

Richard H. Dinolfo CPA

Queensbury, New York
September 24, 2015