

GUSTAFSON & WARGO CPAs, LLP

CERTIFIED PUBLIC ACCOUNTANTS

March 29, 2018

Management and the Board of Directors
Madison County IDA
Canastota, New York

We have audited the financial statements of Madison County IDA for the year ended December 31, 2017, and have issued our report thereon dated March 23, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 30, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Madison County IDA, are described in Note 1 to the financial statements.

As described in Note 1 to the financial statements, the Agency changed accounting policies related to its pension plan by adopting Governmental Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions* and Statement No. 71 *Pension Transitions for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB No. 68*, as of December 31, 2016.

Statement No. 68 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of Statement No. 68. Statement No. 71 was issued to address the application of the transition provisions of Statement No. 98. These new accounting pronouncements required the restatement of beginning net position as described in the financial statements.

We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has agreed to correct all such misstatements. A schedule of the misstatements is attached.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 23, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and Management of Madison County IDA and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

GUSTAFSON & WARGO CPAs LLP

A handwritten signature in black ink, appearing to read "T. Charles Chambers". The signature is fluid and cursive, with a large initial "T" and "C".

T. Charles Chambers, CPA
Managing Partner