



PATTISON, KOSKEY, HOWE & BUCCI

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March 31, 2016

We have audited the financial statements of Eastern Rensselaer County Solid Waste Management Authority as of and for the year ended December 31, 2015, and have issued our report thereon dated March 31, 2016. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated February 12, 2016, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Eastern Rensselaer County Solid Waste Management Authority solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our findings regarding a material weakness over financial reporting and other matters noted during our audit in a separate letter to you dated March 31, 2016.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

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Compliance with All Ethics Requirements Regarding Independence

The engagement team and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Eastern Rensselaer County Solid Waste Management Authority is included in Note 2 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during December 31, 2015. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. The following uncorrected financial statement misstatement whose effect in the current and prior periods, as determined by management, is immaterial, to the financial statements taken as a whole:

- To increase salaries expense and accrued time off liability by \$1,545 to record accrued time off at December 31, 2015.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management:

- Increase recyclable revenue and decrease due to member – credits liability for \$36,590.
- Record depreciation expense of \$919.
- Record prepaid expenses of \$3,747
- Record interest earned on ERCCW of \$215.
- Reduced office equipment by \$1,100 and recycling equipment by \$30,980 to remove fixed assets no longer held by the Authority. Accumulated depreciation was reduced by the same amount for each classification of asset.
- Reduced recycling equipment and accumulated depreciation
- Reduced revenue and increased amounts owed to members for excess billings of \$47,362.

- To reclassify the employee portion of disability and health insurance against the corresponding expense of \$4,001.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Eastern Rensselaer County Solid Waste Management Authority's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in a separate letter dated March 31, 2016.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Eastern Rensselaer County Solid Waste Management Authority, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Eastern Rensselaer County Solid Waste Management Authority's auditors.

Noncompliance with Laws and Regulations, Violations of Contract Provisions or Grant Agreements

We have identified the following matters involving noncompliance with laws and regulations, violations of contract provisions or grant agreements that came to our attention during the course of the audit:

New York State Public Authorities Law includes certain provisions which the authority is required to comply with. There are certain requirements under the law that have not been fully implemented. For example, some of the requirements that have not been implemented include:

- Formally assessing the effectiveness of board members
- Establishing a policy for prohibiting the extension of credit to board members
- Obtaining financial disclosures from board members, officers and staff
- Taking the necessary board training
- Signing an acknowledgement of fiduciary duty as board members
- Completing an operations and accomplishments report annually
- Approved annual budget input into PARIS 60 days prior to the start of the Authority's fiscal year

This report is intended solely for the information and use of the Audit Committee and management of Eastern Rensselaer County Solid Waste Management Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Pattison, Koskey, Howe & Bucci, CPAs, PC

PATTISON, KOSKEY, HOWE AND BUCCI, CPAs, P.C.