

February 16, 2022

To the President and Members
of the Board of Directors of the
Clifton Park Water Authority and Subsidiary

Dear Board Members:

In planning and performing our audit of the consolidated financial statements of the Clifton Park Water Authority and Subsidiary (the Authority) as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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. During our audit we identified the following matters presented for your consideration.

AUDIT ADJUSTMENTS

Finding

Our audit procedures identified journal entries resulting in an increase to construction in process of \$71,606, an increase to accounts payable of \$42,118 and an increase to retainage payable of \$29,488. The effect of those adjustments were corrected in the current year's financial statements.

Recommendation

We recommend the Authority review all AIA documents at year end to evaluate any retainage that may be owed on the portion of projects complete. We also recommend the Authority accrue any amounts owed for services or goods that were completed during the year under audit. In some instances, this will require requests to the vendor, or in this case the Town, to provide an estimate of costs.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Authority personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

We would like to thank the management and staff of the Authority for their cooperation during the course of the audit. There are many favorable areas within the Authority upon which we have not made comment. Please understand that the nature of this letter is to recommend improvements.

This communication is intended solely for the information and use of the Board of Directors, Audit Committee and management of Clifton Park Water Authority and Subsidiary and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Marvin and Company, P.C.