

April 11, 2019

To the Audit Committee
and Board of Directors
Allegany County Industrial Development Agency
6087 State Route 19N
Belmont, New York 14813

We have audited the financial statements Allegany County Industrial Development Agency and its component unit, the Allegany County Capital Resource Corporation for the year ended December 31, 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, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Allegany County Industrial Development Agency are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2018. We noted no transactions entered into by Allegany County Industrial Development 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.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the depreciation is based on useful lives of assets. We evaluated the key factors and assumptions used to develop the depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule presents journal entries that were proposed during the audit and accepted by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 April 11, 2019.

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 Allegany County Industrial Development 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 Allegany County Industrial Development 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.

Other Matters

We applied certain limited procedures to management discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on schedule of tax-exempt bonds and sale-leaseback transactions, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the information and use of Board and management of Allegany County Industrial Development Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Buffamante Whipple Buttafaro PC

Buffamante Whipple Buttafaro, PC

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1				
To adjust current portion of long term debt				
261.00	LT - Equity Loan		750.00	
280.00	LT 2012 series-Bond Infrastructure		5,000.00	
290.00	Mortgage payable - ST		256,337.00	
305.00	Mortgage payable - LT - \$762,000 Mortgage - Crossroads		1,640.00	
262.00	ST - Equity Loan			750.00
285	ST 2012 Series Bond Infrastructure			5,000.00
295.00	Mortgage payable - ST - Crossroads			1,640.00
300.00	Mortgage payable - LT			256,337.00
Total			263,727.00	263,727.00
Adjusting Journal Entries JE # 2				
To record in - kind activity				
600	Salaries and benefits - in-kind		81,829.00	
470.00	In-kind revenue			81,829.00
Total			81,829.00	81,829.00
Adjusting Journal Entries JE # 3				
To record capital resource center activity				
CRC800	Transfer to IDA		300.00	
CRC810	Bank Charges		8.00	
CRC110	Capitl Resource Cash			308.00
Total			308.00	308.00
Adjusting Journal Entries JE # 4				
To record bond infastructure activity				
116.00	Bond Infrastructure Cash		84.00	
116.00	Bond Infrastructure Cash		4,626.00	
116.00	Bond Infrastructure Cash		150,000.00	
280.00	LT 2012 series-Bond Infrastructure		80,000.00	
540	Bond Infrastructure-Interest Expense		70,000.00	
760	BOND INFRASTRUCTURE - Fees		20,990.00	
760	BOND INFRASTRUCTURE - Fees		38,046.00	
116.00	Bond Infrastructure Cash			20,990.00
116.00	Bond Infrastructure Cash			38,046.00
116.00	Bond Infrastructure Cash			150,000.00
116.00	Bond Infrastructure Cash			150,000.00
116.00	Bond Infrastructure Cash			
475	Interest Income			84.00
475	Interest Income			4,626.00
760	BOND INFRASTRUCTURE - Fees			
Total			363,746.00	363,746.00
Adjusting Journal Entries JE # 5				
To record Capital Resource Center opening balances				
CRC110	Capitl Resource Cash		1,849.00	
CRC900	Equity			1,849.00
Total			1,849.00	1,849.00
Adjusting Journal Entries JE # 6				
To record activity in current year				
110.00	Cash		367,894.00	
600.01	Crossroads - Cleaning		5,872.00	
600.02	Crossroads - Supplies		1,278.00	
600.03	Crossroads - Annual Inspection		74.00	
600.04	Crossroads - Equipment		1,664.00	
600.05	Crossroads - Property Insurance		3,303.00	
600.06	Crossroads - Mortgage Interest Expense		13,734.00	
600.09	Crossroads - Driveway		3,288.00	
600.11	Crossroads - Maintenance - Other		19,920.00	
600.12	Crossroads - Plowing		9,459.00	
600.13	Crossroads - Refuse		767.00	
600.15	Crossroads - Electric		13,229.00	
600.16	Crossroads - Heat		10,244.00	
600.17	Crossroads - Phone		412.00	
600.1901	Crossroads - Internet		637.00	

600.20	Crossroads - Water Machine	610.00	
600.21	Crossroads - Water Testing	899.00	
620.01	IDA - Advertising	354.00	
620.03	IDA - Insurance - Directors & Officers	1,999.00	
620.0401	IDA - Insurance - Other	3,183.00	
620.05	IDA - Interest Expense - Equity Loan	6,362.00	
620.10	IDA - Meeting Expense	167.00	
620.101	IDA - Maintenance	805.00	
620.11	IDA - Miscellaneous	112.00	
620.111	IDA - Maker City Porject - Pss Through Agency	24,822.00	
620.14	IDA - Pilot Payments	46,560.00	
620.15	IDA - Professional Fees - Accounting	10,600.00	
620.16	IDA - Professional Fees - Bank Fees	100.00	
620.17	IDA - Professional Fees - Filing Fees	220.00	
620.18	IDA - Professional Fees - Legal	22,936.00	
620.19	IDA - Professional Fees - Permits	110.00	
620.20	IDA - Taxes	579.00	
625.01	OFA - Annual Inspection	69.00	
625.02	OFA - Cleaning	6,600.00	
625.03	OFA - Supplies	1,217.00	
625.04	OFA - Property Insurance	3,303.00	
625.05	OFA - Interest Expense - Mortgage	26,369.00	
625.06	OFA - Lawn	3,287.00	
625.08	OFA - Maint - Other	5,558.00	
625.09	OFA - Plowing	9,459.00	
625.11	OFA - Electric	767.00	
625.12	OFA - Heat	3,797.00	
625.13	OFA - Water Machine	610.00	
625.14	OFA - Water Testing	898.00	
630.02	Truck Stop - Lawn Maintenance	2,250.00	
630.05	Truck Stop - Electric	713.00	
630.07	Truck Stop - Water	286.00	
110.00	Cash		269,482.00
400	Fees		500.00
420.00	Rental income		62,000.00
420.00	Rental income		101,700.00
420.00	Rental income		104,400.00
450.00	PILOT receipts		53,900.00
480.00	Other income		200.00
482.00	Conference Fees		1,975.00
485.00	Maker City Project Sponsorships		26,500.00
486.00	Park-N-Ride Mowing County Share		2,957.00
487.00	Par-N-Ride Plowing County Share		12,932.00
488.00	Parking Lot Rental Fee		530.00
497.00	Transfer from CRC		300.00
Total		637,376.00	637,376.00
Adjusting Journal Entries JE # 7			
To correct entry of security deposit from PM Research			
420.00	Rental income	12,000.00	
210.00	Security Deposit		12,000.00
Total		12,000.00	12,000.00
Adjusting Journal Entries JE # 8			
To reclass IDEA Fees			
450.00	PILOT receipts	500.00	
450.00	PILOT receipts	6,840.00	
400	Fees		7,340.00
Total		7,340.00	7,340.00
Adjusting Journal Entries JE # 9			
To adjust interest on mortgages to statements			
600.06	Crossroads - Mortgage Interest Expense	1,239.00	
625.05	OFA - Interest Expense - Mortgage	2,417.00	
290.00	Mortgage payable - ST		1,239.00
305.00	Mortgage payable - LT - \$762,000 Mortgage - Crossroads		2,417.00
Total		3,656.00	3,656.00
Adjusting Journal Entries JE # 10			
To record Payables activity per Ledger			
110.00	Cash	23,156.00	
200.00	Accounts payable	1,500.00	

200.00	Accounts payable	19,493.00	
261.00	LT - Equity Loan	13,197.00	
290.00	Mortgage payable - ST	22,802.00	
305.00	Mortgage payable - LT - \$762,000 Mortgage - Crossroads	34,057.00	
620.18	IDA - Professional Fees - Legal	26,305.00	
110.00	Cash		36,494.00
110.00	Cash		80,860.00
620.17	IDA - Professional Fees - Filing Fees		220.00
620.18	IDA - Professional Fees - Legal		22,936.00
Total		<u>140,510.00</u>	<u>140,510.00</u>

Adjusting Journal Entries JE # 11

To adjust misposting on Pilot payments

620.14	IDA - Pilot Payments	15,000.00	
450.00	PILOT receipts		15,000.00
Total		<u>15,000.00</u>	<u>15,000.00</u>

Adjusting Journal Entries JE # 12

To record PILOT Fees AR from PM reserach

121.00	Accounts receivable	22,870.00	
400	Fees		22,870.00
Total		<u>22,870.00</u>	<u>22,870.00</u>

Adjusting Journal Entries JE # 13

To capitalize fixed asset addtions (entryway doors)

156.00	Building	12,702.00	
600.11	Crossroads - Maintenance - Other		12,702.00
Total		<u>12,702.00</u>	<u>12,702.00</u>

Adjusting Journal Entries JE # 14

To record depreciation expense

685.00	Depreciation expense	58,155.00	
159.00	Accumulated depreciation		58,155.00
Total		<u>58,155.00</u>	<u>58,155.00</u>

Adjusting Journal Entries JE # 15

To capitalize water infastructure fees

158.00	Construction in progress	42,137.00	
760	BOND INFRASTRUCTURE - Fees		42,137.00
Total		<u>42,137.00</u>	<u>42,137.00</u>

Adjusting Journal Entries JE # 16

To adjust AP

200.00	Accounts payable	13,567.00	
620.18	IDA - Professional Fees - Legal		13,567.00
Total		<u>13,567.00</u>	<u>13,567.00</u>

Adjusting Journal Entries JE # 17

To record remaining balance on Maker City pass through to AP

485.00	Maker City Poject Sponsorships	1,678.00	
200.00	Accounts payable		1,678.00
Total		<u>1,678.00</u>	<u>1,678.00</u>

Adjusting Journal Entries JE # 18

To record additional AP per HR returned legal letter

760	BOND INFRASTRUCTURE - Fees	62,609.00	
200.00	Accounts payable		62,609.00
Total		<u>62,609.00</u>	<u>62,609.00</u>