

April 12, 2018

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 of Allegany County Industrial Development Agency and its component unit, the Allegany County Capital Resource Corporation, for the year ended December 31, 2017. 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 29, 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 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 2017. 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 and managements estimation of the value of the donated building which was based on the present value of future cash flows. We evaluated the key factors and assumptions used to develop the depreciation and estimate donated value of the building in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of Agency's long-term debt in Note 5 to the financial statements.

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 12, 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 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's 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

Client: **Allegany County Industrial Development Agency**  
 Engagement: **2017 AUDIT - Allegany County Industrial Development Agency**  
 Period Ending: **12/31/2017**  
 Trial Balance: **20.01 - Blank Trial Balance**  
 Workpaper: **20.02a - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 1</b>				
To adjust current portion of long term debt				
261.00	LT - Equity Loan		710.00	
280.00	LT 2012 series-Bond Infrastructure		80,000.00	
300.00	Mortgage payable - LT		280,746.00	
305.00	Mortgage payable - LT - \$762,000 Mortgage - Crossroads		1,559.00	
262.00	ST - Equity Loan			710.00
285	ST 2012 Series Bond Infrastructure			80,000.00
290.00	Mortgage payable - ST			280,746.00
295.00	Mortgage payable - ST - Crossroads			1,559.00
<b>Total</b>			<b>363,015.00</b>	<b>363,015.00</b>
<b>Adjusting Journal Entries JE # 2</b>				
To record in - kind activity				
600	Salaries and benefits - in-kind		81,835.00	
470.00	In-kind revenue			81,835.00
<b>Total</b>			<b>81,835.00</b>	<b>81,835.00</b>
<b>Adjusting Journal Entries JE # 3</b>				
To record Capital Resource Center opening balances				
CRC110	Capitl Resource Cash		2,149.00	
CRC900	Equity			2,149.00
<b>Total</b>			<b>2,149.00</b>	<b>2,149.00</b>
<b>Adjusting Journal Entries JE # 4</b>				
To record capital resource center activity				
CRC800	Transfer to IDA		300.00	
CRC110	Capitl Resource Cash			300.00
<b>Total</b>			<b>300.00</b>	<b>300.00</b>
<b>Adjusting Journal Entries JE # 5</b>				
To record bond infastructure activity				
116.00	Bond Infastructure Cash		31.00	
116.00	Bond Infastructure Cash		4,255.00	
116.00	Bond Infastructure Cash		200,000.00	
760	BOND INFRASTRUCTURE - Fees		4,912.00	
760	BOND INFRASTRUCTURE - Fees		11,202.00	
116.00	Bond Infastructure Cash			4,912.00
116.00	Bond Infastructure Cash			11,202.00
116.00	Bond Infastructure Cash			200,000.00
475	Interest Income			31.00
475	Interest Income			4,255.00
<b>Total</b>			<b>220,400.00</b>	<b>220,400.00</b>
<b>Adjusting Journal Entries JE # 6</b>				
To record outstanding bond interest expense				
540	Bond Infastructure-Interest Expense		70,000.00	
116.00	Bond Infastructure Cash			70,000.00
<b>Total</b>			<b>70,000.00</b>	<b>70,000.00</b>
<b>Adjusting Journal Entries JE # 7</b>				
To adjsut debt to actual per statements				
625.05	OFA - Interest Expense - Mortgage		5,187.00	
305.00	Mortgage payable - LT - \$762,000 Mortgage - Crossroads			5,187.00
<b>Total</b>			<b>5,187.00</b>	<b>5,187.00</b>

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 Workpaper: **20.02a - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
<b>Adjusting Journal Entries JE # 8</b>				
To adjust cash and AP. (BWB and Hodgson Russ)				
110.00	Cash		1,500.00	
110.00	Cash		36,762.00	
200.00	Accounts payable			1,500.00
200.00	Accounts payable			36,762.00
<b>Total</b>			<b>38,262.00</b>	<b>38,262.00</b>
<b>Adjusting Journal Entries JE # 9</b>				
To reverse capital entry. BWB recorded fixed asset and payable in 2016				
200.00	Accounts payable		2,720.00	
150.00	Equipment			2,720.00
<b>Total</b>			<b>2,720.00</b>	<b>2,720.00</b>
<b>Adjusting Journal Entries JE # 10</b>				
To reverse preliminary depreciation expense and record expense per BWB				
159.00	Accumulated depreciation		44,769.00	
685.00	Depreciation expense		42,575.00	
159.00	Accumulated depreciation			42,575.00
685.00	Depreciation expense			44,769.00
<b>Total</b>			<b>87,344.00</b>	<b>87,344.00</b>
<b>Adjusting Journal Entries JE # 11</b>				
To reclass fee from Capital Resource Corp				
400	Fees		300.00	
497.00	Transfer from CRC			300.00
<b>Total</b>			<b>300.00</b>	<b>300.00</b>
<b>Adjusting Journal Entries JE # 12</b>				
To capitalize water infrastructure fees				
158.00	Construction in progress		6,697.00	
760	BOND INFRASTRUCTURE - Fees			6,697.00
<b>Total</b>			<b>6,697.00</b>	<b>6,697.00</b>
<b>Adjusting Journal Entries JE # 13</b>				
Reclass PILOT Payments				
620.14	IDA - Pilot Payments		6,635.00	
450.00	PILOT receipts			6,635.00
<b>Total</b>			<b>6,635.00</b>	<b>6,635.00</b>
<b>Adjusting Journal Entries JE # 14</b>				
To record management fees related to pilot payment				
450.00	PILOT receipts		9,836.00	
400	Fees			9,836.00
<b>Total</b>			<b>9,836.00</b>	<b>9,836.00</b>
<b>Adjusting Journal Entries JE # 15</b>				
To record donated capital assets. ACIDA paid \$1 for property valued.				
156.00	Building		661,481.00	
498.00	Donated Capital Assets			661,481.00
<b>Total</b>			<b>661,481.00</b>	<b>661,481.00</b>
<b>Adjusting Journal Entries JE # 16</b>				

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 Workpaper: **20.02a - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
To clear out \$20,000 payable that was supposed to be paid by Cuba Hospital				
200.00	Accounts payable		20,000.00	
620.18	IDA - Professional Fees - Legal			20,000.00
<b>Total</b>			<b><u>20,000.00</u></b>	<b><u>20,000.00</u></b>