

July 6, 2021

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 units, the Allegany County Capital Resource Corporation and Allegany County Utility Corporation for the year ended December 31, 2020 . 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 13, 2021. 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 2020. 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 July 6, 2021.

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

Client: **Allegany County Industrial Development Agency**
Engagement: **2020 AUDIT - Allegany County Industrial Development Agency**
Period Ending: **12/31/2020**
Trial Balance: **20.01 - Blank Trial Balance**
Workpaper: **20.02a - Adjusting Journal Entries Report**

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			
262.00	ST - Equity Loan			
280.00	LT 2012 series-Bond Infrastructure			
285	ST 2012 Series Bond Infrastructure			
290.00	Mortgage payable - ST			
295.00	Mortgage payable - ST - Crossroads			
300.00	Mortgage payable - LT			
305.00	Mortgage payable - LT - \$762,000 Mortgage - Crossroads			
Total			0.00	0.00
Adjusting Journal Entries JE # 2				
To record in - kind activity				
600	Salaries and benefits - in-kind		78,482.00	
470.00	In-kind revenue			78,482.00
Total			78,482.00	78,482.00
Adjusting Journal Entries JE # 3				
To record capital resource center and ACUC activity				
		20.04c2 and 20.04c1		
ACUC800	Transfer to IDA		50.00	
CRC800	Transfer to IDA		300.00	
385	Due from ACUC			
498	Transfer from ACUC			
ACUC110	ACUC Cash			50.00
ACUC110	ACUC Cash			
ACUC210	Due to ACIDA			
ACUC500	Fee Income			
ACUC810	Bank Charges			
ACUC810	Bank Charges			
ACUC900	Equity			
CRC110	Capitlal Resource Cash			300.00
Total			350.00	350.00
Adjusting Journal Entries JE # 4				
To record bond infastructure activity				
		20.04b		
116.00	Bond Infrastructure Cash		26.00	
116.00	Bond Infrastructure Cash		28.00	
200.00	Accounts payable		186,428.00	
760	BOND INFRASTRUCTURE - Fees		60.00	
760	BOND INFRASTRUCTURE - Fees		316,657.00	
116.00	Bond Infrastructure Cash			60.00
116.00	Bond Infrastructure Cash			503,085.00
475	Interest Income			26.00
475	Interest Income			28.00
Total			503,199.00	503,199.00
Adjusting Journal Entries JE # 5				
To record CY income activity				
		20.04d		
110.00	Cash		1,023,135.00	
400	Fees			1,000.00
400	Fees			471,542.00
415	Economic Development Service Agreement			225,000.00
420.00	Rental income			6,726.00
420.00	Rental income			8,700.00
420.00	Rental income			83,051.00
420.00	Rental income			101,710.00
480.00	Other income			450.00
482.00	Conference Fees			775.00
484.00	Refunds			142.00

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Account	Description	W/P Ref	Debit	Credit
484.00	Refunds			1,657.00
489.10	ACUC Income - Friendship Rest Stop Waterline			121,860.00
489.20	ACUC Income - Refund			122.00
497.00	Transfer from CRC			300.00
498	Transfer from ACUC			100.00
Total			1,023,135.00	1,023,135.00

Adjusting Journal Entries JE # 6

20.04d

To record CY expense activity

600.01	Crossroads - Cleaning		8,265.00	
600.02	Crossroads - Supplies		931.00	
600.03	Crossroads - Annual Inspection		75.00	
600.04	Crossroads - Equipment		505.00	
600.05	Crossroads - Property Insurance		4,004.00	
600.06	Crossroads - Mortgage Interest Expense		17,866.00	
600.08	Crossroads - Lawn - Other		55.00	
600.09	Crossroads - Driveway		243.00	
600.11	Crossroads - Maintenance - Other		259.00	
600.11	Crossroads - Maintenance - Other		623.00	
600.11	Crossroads - Maintenance - Other		6,473.00	
600.13	Crossroads - Refuse		998.00	
600.15	Crossroads - Electric		10,579.00	
600.16	Crossroads - Heat		7,566.00	
600.20	Crossroads - Water Machine		625.00	
600.20	Crossroads - Water Machine		1,425.00	
620.01	IDA - Advertising		1,927.00	
620.0401	IDA - Insurance - Other		5,698.00	
620.05	IDA - Interest Expense - Equity Loan		637.00	
620.05	IDA - Interest Expense - Equity Loan		7,725.00	
620.10	IDA - Meeting Expense		366.00	
620.101	IDA - Maintenance		665.00	
620.11	IDA - Miscellaneous		2,628.00	
620.11	IDA - Miscellaneous		9,156.00	
620.13	IDA - Office Supplies		144.00	
620.15	IDA - Professional Fees - Accounting		18,190.00	
620.1501	IDA - Professional Fees - Consulting		30,000.00	
620.17	IDA - Professional Fees - Filing Fees		210.00	
620.18	IDA - Professional Fees - Legal		17,099.00	
620.19	IDA - Professional Fees - Permits		220.00	
620.1901	IDA - Professional Fees - Other		275.00	
620.1901	IDA - Professional Fees - Other		400.00	
620.1901	IDA - Professional Fees - Other		528.00	
620.1901	IDA - Professional Fees - Other		672.00	
620.1901	IDA - Professional Fees - Other		9,694.00	
620.1901	IDA - Professional Fees - Other		36,436.00	
620.30	Waterline Contractor NYSDOT		90,518.00	
625.01	OFA - Annual Inspection		75.00	
625.02	OFA - Cleaning		8,123.00	
625.03	OFA - Supplies		1,052.00	
625.04	OFA - Property Insurance		4,004.00	
625.05	OFA - Interest Expense - Mortgage		21,032.00	
625.08	OFA - Maint - Other		1,780.00	
625.08	OFA - Maint - Other		3,293.00	
625.10	OFA - Refuse		998.00	
625.12	OFA - Heat		3,645.00	
625.13	OFA- Water Machine		625.00	
625.13	OFA- Water Machine		1,425.00	
625.16	OFA- Septic		2,398.00	
635.01	ACUC - Insurance		6,998.00	
635.02	ACUC - Admin fee to ACIDA		50.00	
635.03	ACUC - Bond pmnt to Allegany County		151,700.00	
635.04	ACUC - Corporation tax		136.00	
635.05	ACUC - Water Line Contractor Fees		5,139.00	
635.05	ACUC - Water Line Contractor Fees		157,726.00	

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Account	Description	W/P Ref	Debit	Credit
635.06	ACUC - Waterline Fees		2,180.00	
635.07	ACUC - Waterline Hot Box		78.00	
635.07	ACUC - Waterline Hot Box		416.00	
635.07	ACUC - Waterline Hot Box		878.00	
635.08	ACUC - Waterline Supplies		9,292.00	
635.09	ACUC - Waterline Water Usage		42,799.00	
635.17	ACUC - Professional Fees - Fed&State Tax		1,800.00	
635.18	ACUC - Professional Fees - Legal		16,696.00	
640.14	CRC - Administrative Fees to ACIDA		300.00	
110.00	Cash			300.00
110.00	Cash			8,404.00
110.00	Cash			48,450.00
110.00	Cash			60,492.00
110.00	Cash			229,923.00
110.00	Cash			390,749.00
Total			738,318.00	738,318.00
Adjusting Journal Entries JE # 7				
To record transfers/payables per activity ledger				
		20.04d		
262.00	ST - Equity Loan		11,200.00	
295.00	Mortgage payable - ST - Crossroads		29,426.00	
300.00	Mortgage payable - LT		3,124.00	
300.00	Mortgage payable - LT		28,987.00	
110.00	Cash			3,124.00
110.00	Cash			69,613.00
200.00	Accounts payable			
Total			72,737.00	72,737.00
Adjusting Journal Entries JE # 8				
To reverse PY receivables (Nortburt and Qigley)				
400	Fees		75,000.00	
121.00	Accounts receivable			75,000.00
Total			75,000.00	75,000.00
Adjusting Journal Entries JE # 9				
To reclass PM Research lease to rent account				
400	Fees		50,000.00	
420.00	Rental income			50,000.00
Total			50,000.00	50,000.00
Adjusting Journal Entries JE # 10				
To reclassify allegany county debt payments				
280.00	LT 2012 series-Bond Infrastructure		85,000.00	
540	Bond Infrastructure-Interest Expense		66,700.00	
635.03	ACUC - Bond pmnt to Allegany County			151,700.00
Total			151,700.00	151,700.00
Adjusting Journal Entries JE # 11				
To record additional AP to HR per legal letter				
		J-02		
620.18	IDA - Professional Fees - Legal		12,022.00	
200.00	Accounts payable			12,022.00
Total			12,022.00	12,022.00
Adjusting Journal Entries JE # 12				
To transfer activity from ACIDA to ACUC				
489.10	ACUC Income - Friendship Rest Stop Waterline		121,860.00	
489.20	ACUC Income - Refund		122.00	
ACUC210	Due to ACIDA		40,659.00	
ACUC635.01	ACUC - Insurance		6,998.00	

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Account	Description	W/P Ref	Debit	Credit
ACUC635.02	ACUC - Admin Fee to ACIDA		50.00	
ACUC635.04	ACUC - Corporation Tax		136.00	
ACUC635.06	ACUC - Waterline Fees		2,180.00	
ACUC635.07	ACUC - Waterline Hot Box		1,372.00	
ACUC635.08	ACUC - Waterline Supplies		9,292.00	
ACUC635.09	ACUC - Waterline Water Usage		42,799.00	
ACUC635.17	ACUC - Professional Fees - Fed and State		1,800.00	
ACUC635.18	ACUC - Professional Fees - Legal		16,696.00	
385	Due from ACUC			40,659.00
635.01	ACUC - Insurance			6,998.00
635.02	ACUC - Admin fee to ACIDA			50.00
635.04	ACUC - Corporation tax			136.00
635.05	ACUC - Water Line Contractor Fees			
635.06	ACUC - Waterline Fees			2,180.00
635.07	ACUC - Waterline Hot Box			1,372.00
635.08	ACUC - Waterline Supplies			9,292.00
635.09	ACUC - Waterline Water Usage			42,799.00
635.17	ACUC - Professional Fees - Fed&State Tax			1,800.00
635.18	ACUC - Professional Fees - Legal			16,696.00
ACUC489.10	ACUC Income - Friendship Rest Stop Waterline			121,860.00
ACUC489.20	ACUC - Income - Refund			122.00
ACUC635.05	ACUC - Water Line Contractor Fees			
Total			243,964.00	243,964.00

Adjusting Journal Entries JE # 13

To record prepaid insurance

135.00	Prepaid Expenses		2,259.00	
620.0401	IDA - Insurance - Other			2,259.00
Total			2,259.00	2,259.00

Adjusting Journal Entries JE # 14

To adjust debt to actual per debt statements

262.00	ST - Equity Loan		4,246.00	
295.00	Mortgage payable - ST - Crossroads		6,227.00	
300.00	Mortgage payable - LT		4,342.00	
620.05	IDA - Interest Expense - Equity Loan		458.00	
620.05	IDA - Interest Expense - Equity Loan		1,643.00	
625.05	OFA - Interest Expense - Mortgage		10,141.00	
600.06	Crossroads - Mortgage Interest Expense			4,342.00
620.05	IDA - Interest Expense - Equity Loan			4,246.00
620.11	IDA - Miscellaneous			11,784.00
620.1901	IDA - Professional Fees - Other			458.00
625.05	OFA - Interest Expense - Mortgage			6,227.00
Total			27,057.00	27,057.00

Adjusting Journal Entries JE # 15

To record current portion of LTD

262.00	ST - Equity Loan		62,620.00	
295.00	Mortgage payable - ST - Crossroads		443,242.00	
300.00	Mortgage payable - LT		1,324.00	
261.00	LT - Equity Loan			62,620.00
290.00	Mortgage payable - ST			1,324.00
305.00	Mortgage payable - LT - \$762,000 Mortgage - Crossroads			443,242.00
Total			507,186.00	507,186.00

Adjusting Journal Entries JE # 16

To move waterline costs out of CIP now that they are completed

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Trial Balance: **20.01 - Blank Trial Balance**
Workpaper: **20.02a - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
154.00	Water Lines		1,465,376.00	
158.00	Construction in progress			1,465,376.00
Total			<u>1,465,376.00</u>	<u>1,465,376.00</u>
Adjusting Journal Entries JE # 17				
(Prelim) To capitalize fixed asset additions				
154.00	Water Lines		534,142.00	
620.30	Waterline Contractor NYSDOT			90,518.00
635.05	ACUC - Water Line Contractor Fees			162,865.00
760	BOND INFRASTRUCTURE - Fees			280,759.00
Total			<u>534,142.00</u>	<u>534,142.00</u>
Adjusting Journal Entries JE # 18				
To record depreciation				
685.00	Depreciation expense		75,278.00	
159.00	Accumulated depreciation			75,278.00
Total			<u>75,278.00</u>	<u>75,278.00</u>
Adjusting Journal Entries JE # 19				
To move over additional costs from IDA to ACUC that were miscoded (\$10,000 is down payment for water damages, will get back per Craig)				
385	Due from ACUC		41,562.00	
ACUC111	Deposits		10,000.00	
ACUC635.18	ACUC - Professional Fees - Legal		31,562.00	
620.18	IDA - Professional Fees - Legal			10,000.00
760	BOND INFRASTRUCTURE - Fees			31,562.00
ACUC210	Due to ACIDA			41,562.00
Total			<u>83,124.00</u>	<u>83,124.00</u>
Adjusting Journal Entries JE # 20				
(Preliminary) To record operating charges per agreement				
385	Due from ACUC			
500.00	Operating Charges - Revenue			
ACUC210	Due to ACIDA			
ACUC850	Operating Charges - Expense			
Total			<u>0.00</u>	<u>0.00</u>
Adjusting Journal Entries JE # 21				
To record 4th QTR usage fees				
ACUC635.09	ACUC - Waterline Water Usage		7,838.00	
ACUC200	ACUC - Accounts Payable			7,838.00
Total			<u>7,838.00</u>	<u>7,838.00</u>
Adjusting Journal Entries JE # 22				
(Prelim Entry) To record Water Charges receivable (August and November)				
ACUC121	Accounts Receivable - Water Usage		3,131.00	
ACUC121	Accounts Receivable - Water Usage		3,883.00	
ACUC400	ACUC - Waterline Charges			7,014.00
Total			<u>7,014.00</u>	<u>7,014.00</u>
Adjusting Journal Entries JE # 23				
To record AR on 1% admin Fees				
121.00	Accounts receivable		113,523.00	
400	Fees			113,523.00
Total			<u>113,523.00</u>	<u>113,523.00</u>