

March 12, 2020

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, 2019 . 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 15, 2020. 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 2019. 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 March 12, 2020.

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: **2019 AUDIT - Allegany County Industrial Development Agency**
Period Ending: **12/31/2019**
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		78,884.00	
300.00	Mortgage payable - LT		24,411.00	
305.00	Mortgage payable - LT - \$762,000 Mortgage - Crossroads		484,002.00	
262.00	ST - Equity Loan			78,884.00
280.00	LT 2012 series-Bond Infrastructure			
285	ST 2012 Series Bond Infrastructure			
290.00	Mortgage payable - ST			24,411.00
295.00	Mortgage payable - ST - Crossroads			484,002.00
Total			587,297.00	587,297.00
Adjusting Journal Entries JE # 2				
To record in - kind activity				
600	Salaries and benefits - in-kind		82,673.00	
470.00	In-kind revenue			82,673.00
Total			82,673.00	82,673.00
Adjusting Journal Entries JE # 3				
To record capital resource center and ACUC activity				
385	Due from ACUC		300.00	
ACUC110	ACUC Cash		4.00	
ACUC110	ACUC Cash		300.00	
ACUC800	Transfer to IDA		300.00	
ACUC810	Bank Charges		8.00	
CRC800	Transfer to IDA		300.00	
498	Transfer from ACUC			300.00
ACUC210	Due to ACIDA			300.00
ACUC500	Fee Income			300.00
ACUC810	Bank Charges			12.00
ACUC900	Equity			
CRC110	Capital Resource Cash			300.00
Total			1,212.00	1,212.00
Adjusting Journal Entries JE # 4 20.04b				
To record bond infrastructure activity				
116.00	Bond Infrastructure Cash		100.00	
116.00	Bond Infrastructure Cash		4,445.00	
280.00	LT 2012 series-Bond Infrastructure		85,000.00	
540	Bond Infrastructure-Interest Expense		68,400.00	
760	BOND INFRASTRUCTURE - Fees		1,254,406.00	
116.00	Bond Infrastructure Cash			153,400.00
116.00	Bond Infrastructure Cash			1,254,406.00
116.00	Bond Infrastructure Cash			
116.00	Bond Infrastructure Cash			
116.00	Bond Infrastructure Cash			
116.00	Bond Infrastructure Cash			
475	Interest Income			100.00
475	Interest Income			4,445.00
760	BOND INFRASTRUCTURE - Fees			
760	BOND INFRASTRUCTURE - Fees			
Total			1,412,351.00	1,412,351.00
Adjusting Journal Entries JE # 5 20.04d				
To record CY income activity				
110.00	Cash		320,441.00	
400	Fees			12,241.00
400	Fees			35,277.00
420.00	Rental income			10.00
420.00	Rental income			50,000.00
420.00	Rental income			93,650.00
420.00	Rental income			104,400.00
482.00	Conference Fees			1,750.00

Client: **Allegany County Industrial Development Agency**
Engagement: **2019 AUDIT - Allegany County Industrial Development Agency**
Period Ending: **12/31/2019**
Trial Balance: **20.01 - Blank Trial Balance**
Workpaper: **20.02a - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
483.00	Sale of Asset			1,500.00
484.00	Refunds			9,650.00
486.00	Park-N-Ride Mowing County Share			4,281.00
487.00	Par-N-Ride Plowing County Share			7,070.00
489.00	ACUC Income - Fees			312.00
497.00	Transfer from CRC			300.00
Total			320,441.00	320,441.00

Adjusting Journal Entries JE # 6

20.04d

To record CY expense activity

600.01	Crossroads - Cleaning		47.00	
600.01	Crossroads - Cleaning		7,821.00	
600.02	Crossroads - Supplies		1,462.00	
600.03	Crossroads - Annual Inspection		300.00	
600.04	Crossroads - Equipment		245.00	
600.05	Crossroads - Property Insurance		3,303.00	
600.06	Crossroads - Mortgage Interest Expense		14,359.00	
600.09	Crossroads - Driveway		3,568.00	
600.11	Crossroads - Maintenance - Other		11,617.00	
600.12	Crossroads - Plowing		5,792.00	
600.13	Crossroads - Refuse		954.00	
600.15	Crossroads - Electric		11,595.00	
600.16	Crossroads - Heat		9,877.00	
600.20	Crossroads - Water Machine		91.00	
600.20	Crossroads - Water Machine		610.00	
600.21	Crossroads - Water Testing		810.00	
620.01	IDA - Advertising		143.00	
620.0401	IDA - Insurance - Other		4,159.00	
620.05	IDA - Interest Expense - Equity Loan		5,607.00	
620.101	IDA - Maintenance		1,429.00	
620.11	IDA - Miscellaneous		902.00	
620.111	IDA - Maker City Project - Pss Through Agency		354.00	
620.15	IDA - Professional Fees - Accounting		10,600.00	
620.17	IDA - Professional Fees - Filing Fees		1,361.00	
620.18	IDA - Professional Fees - Legal		10,543.00	
620.19	IDA - Professional Fees - Permits		110.00	
620.1901	IDA - Professional Fees - Other		150.00	
620.1901	IDA - Professional Fees - Other		500.00	
620.1901	IDA - Professional Fees - Other		900.00	
620.1901	IDA - Professional Fees - Other		5,000.00	
620.20	IDA - Taxes		492.00	
625.01	OFA - Annual Inspection		75.00	
625.02	OFA - Cleaning		8,254.00	
625.03	OFA - Supplies		1,128.00	
625.04	OFA - Property Insurance		3,303.00	
625.05	OFA - Interest Expense - Mortgage		27,142.00	
625.06	OFA - Lawn		3,568.00	
625.08	OFA - Maint - Other		580.00	
625.08	OFA - Maint - Other		7,531.00	
625.09	OFA - Plowing		5,792.00	
625.10	OFA - Refuse		954.00	
625.12	OFA - Heat		4,400.00	
625.13	OFA - Water Machine		91.00	
625.13	OFA - Water Machine		610.00	
625.14	OFA - Water Testing		810.00	
630.01	Truck Stop - Insurance		452.00	
630.0101	Truck Stop - Advertising		200.00	
630.02	Truck Stop - Lawn Maintenance		3,500.00	
630.03	Truck Stop - Permits		250.00	
630.05	Truck Stop - Electric		616.00	
630.07	Truck Stop - Water		244.00	
635.16	ACUC - Profesional Fees - Bank Fees		8.00	
640.14	CRC - Administrative Fees to ACIDA		300.00	
110.00	Cash			184,509.00
Total			184,509.00	184,509.00

Adjusting Journal Entries JE # 7

20.04d

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Period Ending: **12/31/2019**
Trial Balance: **20.01 - Blank Trial Balance**
Workpaper: **20.02a - Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
To record payables activity per ledger				
200.00	Accounts payable		29,588.00	
261.00	LT - Equity Loan		13,953.00	
290.00	Mortgage payable - ST		23,123.00	
305.00	Mortgage payable - LT - \$762,000 Mortgage - Crossroads		33,283.00	
110.00	Cash			99,947.00
Total			99,947.00	99,947.00
Adjusting Journal Entries JE # 8				
To capitalize fixed asset additions (new flooring) H-03				
156.00	Building		1,890.00	
600.11	Crossroads - Maintenance - Other			1,890.00
Total			1,890.00	1,890.00
Adjusting Journal Entries JE # 9				
To capitalize water infrastructure fees H-03				
158.00	Construction in progress		1,335,522.00	
760	BOND INFRASTRUCTURE - Fees			1,335,522.00
Total			1,335,522.00	1,335,522.00
Adjusting Journal Entries JE # 10				
To record depreciation expense H-03				
685.00	Depreciation expense		60,620.00	
159.00	Accumulated depreciation			60,620.00
Total			60,620.00	60,620.00
Adjusting Journal Entries JE # 11				
To record AR for 1% solar project (Norburt Solar Farm) also Quigley				
121.00	Accounts receivable		25,000.00	
121.00	Accounts receivable		50,000.00	
400	Fees			25,000.00
400	Fees			50,000.00
Total			75,000.00	75,000.00
Adjusting Journal Entries JE # 12				
To record Bond Infrastructure AP				
760	BOND INFRASTRUCTURE - Fees		4,396.00	
760	BOND INFRASTRUCTURE - Fees		186,428.00	
200.00	Accounts payable			190,824.00
Total			190,824.00	190,824.00
Adjusting Journal Entries JE # 13				
To book ACUC's 2017 and 2018 NY tax payments to be paid in 2020 out of ACIDA (53+58)				
385	Due from ACUC		111.00	
ACUC835	State Corporate Tax Expense		111.00	
200.00	Accounts payable			111.00
ACUC210	Due to ACIDA			111.00
Total			222.00	222.00
Adjusting Journal Entries JE # 14				
To reverse out PY AR received				
400	Fees		22,870.00	
121.00	Accounts receivable			22,870.00
Total			22,870.00	22,870.00

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

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 15				
To reclassify Maker City Project non-reimbursable expenses out of PILOT expenses (project is over, just a pass-through)				
620.11	IDA - Miscellaneous		354.00	
620.111	IDA - Maker City Porject - Pss Through Agency			354.00
Total			354.00	354.00
Adjusting Journal Entries JE # 16				
To appy H&R legal invoices paid against AP				
200.00	Accounts payable		62,345.00	
760	BOND INFRASTRUCTURE - Fees			62,345.00
Total			62,345.00	62,345.00
Adjusting Journal Entries JE # 17				
To adjust H&R legal AP to agree to legal letter				
200.00	Accounts payable		478.00	
620.18	IDA - Professional Fees - Legal			478.00
Total			478.00	478.00