

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
REPORT TO THE BOARD OF DIRECTORS**

DECEMBER 31, 2016



March 20, 2017

To the Members of the Board of Directors
Wyoming County Industrial Development Agency
36 Center Street, Suite D
Warsaw, New York 14569

Members of the Board:

We are pleased to present this report related to our audit of the financial statements of Wyoming County Industrial Development Agency (the Agency) as of and for the year ended December 31, 2016. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Agency's financial and compliance reporting process. Also included is a summary of recently issued accounting standards that may affect future financial reporting by the Agency.

This report is intended solely for the information and use of the Board of Directors, audit committee and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the Agency.

Very truly yours,

Freed Maxick CPAs, P.C.

Freed Maxick CPAs, P.C.

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Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities with Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> issued by the Comptroller General of the United States has been described to you in our arrangement letter dated December 13, 2016. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
Accounting Policies and Practices	Preferability of Accounting Policies and Practices Under generally accepted principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice. Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Agency. In the current year the Agency implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, <i>Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27</i> ; Statement No. 72, <i>Fair Value Measurement and Application</i> ; and Statement No. 76, <i>The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments</i> .
	Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Significant Accounting Estimates."

Basis of Accounting

The financial statements were prepared on assumption that the entity will continue as a going concern.

Audit Adjustments

Audit adjustments proposed by us and recorded by the Agency are shown on the attached "Summary of Recorded Audit Adjustments."

Uncorrected Misstatements

There were no uncorrected misstatements noted during our audit.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Letter Communicating Other Matters

We have separately communicated certain other matters identified during our audit of the financial statements. This communication is attached as Exhibit A.

Certain Written Communication Between Management and Our Firm

A copy of a certain written communication between our firm and the management of the Agency is attached as Exhibit B.

**Wyoming County Industrial Development Agency
Summary of Accounting Estimates
Year Ended December 31, 2016**

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the Agency's December 31, 2016 financial statements:

Area	Accounting Policy	Management's Estimation Process	Basis of our conclusions on Reasonableness of Estimate
Allowance for Uncollectible Notes	Management estimates the collectability of their loans portfolio on a loan by loan basis based on conditions that exist at the time of the audit.	Management reviews loan payment history and correspondence with borrowers in evaluating the allowance for uncollectible loans every year.	Management's process to estimate the allowance for uncollectible loans appears reasonable.

Wyoming County I.D.A.
Year End: December 31, 2016
Summary of Recorded Audit Adjustments
Date: 1/1/2016 To 12/31/2016

Number	Account No	Name	Debit	Credit
AJE #1	2001.00 ENT01	Accounts Payable		6,603
AJE #1	5170.00 ENT01	LEGAL & PROFESSIONAL FEES	742	
AJE #1	5170.00 ENT01	LEGAL & PROFESSIONAL FEES	439	
AJE #1	8200.00 ENT01	Rail Initiative	5,422	
To record accounts payable as of 12/31/2016.				
AJE #2	1700.00 ENT01	Prepaid Expense	1,066	
AJE #2	6136.00 ENT01	NYSLRS Employer Contribution		1,066
To record the current year prepaid expense related to the NYS retirement system.				
			7,669	7,669

Recently Issued Accounting Standards

The GASB has issued several statements not yet implemented by the Agency. The Agency's management has not yet determined the effect these Statements will have on the Agency's financial statements. However, the Agency plans to implement all standards by the required dates. The Statements which might impact the Agency are as follows:

Summary of GASB Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, 68 and 73*

This Statement issued in March 2016 will be effective for the Agency beginning with its fiscal year ending December 31, 2017. The objective of this Statement is to address certain issues that have been raised with respect to GASB Statement No. 67, *Financial Reporting for Pension Plans*, Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68*.

Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in requirement supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements related to the selection of assumptions in a circumstance in which an employer's pension liability is measure as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 30, 2017. Earlier application is encouraged.

Summary of GASB Statement No. 83, *Certain Asset Retirement Obligations*

This Statement issued in November 2016 will be effective for the Agency beginning with its fiscal year ending December 31, 2019. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants.

Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The requirements of this Statement are effective for reporting periods beginning

EXHIBIT A – LETTER COMMUNICATING OTHER MATTERS



Letter Communicating Other Matters

To the Members of the Board of Directors
Wyoming County Industrial Development Agency
Warsaw, New York 14569

This letter includes comments and suggestions with respect to matters that came to our attention in connection with our audit of the financial statements of the Wyoming County Industrial Development Agency (the Agency) as of and for the year ended December 31, 2016. These items are offered as constructive suggestions to be considered part of the ongoing process of modifying and improving the Agency's practices and procedures.

Capitalization Policy

Observation

During the audit it was noted that the Agency did not have a formal capitalization policy that provides guidance on what constitutes a capital asset.

Recommendation

We recommend that the Agency adopt a formal capitalization policy that provides guidance for all fixed asset purchases.

Cybersecurity

Observation

The Agency currently uses information technology (IT) services provided by the County which does not have a comprehensive cybersecurity program with a formal technology vulnerability management and penetration testing process to protect itself from cybersecurity threats. New vulnerabilities and new attacker exploits occur almost daily, thus the Agency could be susceptible to attack which could cause significant disruption or loss of sensitive and valuable data. In addition, it can be difficult for IT departments to keep systems current on frequent security upgrades released by hardware and software vendors.

Recommendation

A formal cybersecurity testing program helps assure the proper security layers and controls are in place. This should be performed at least annually or whenever a significant change is made to the IT environment, so that identified potential vulnerabilities can be monitored and the security of your network can be improved, reducing the Agency's risk exposures from being compromised.

This letter is intended solely for the information and use of management and members of the Board of Directors and is not intended to be, and should not be, used by anyone other than these specified parties. We appreciate serving the Agency and would be happy to assist you in addressing and implementing any of the suggestions in this letter.

Freed Maxick CPAs, P.C.

Batavia, New York
March 20, 2017

EXHIBIT B

**CERTAIN WRITTEN COMMUNICATION BETWEEN MANAGEMENT
AND OUR FIRM**

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
36 CENTER STREET, SUITE D
WARSAW, NEW YORK 14569**

March 20, 2017

Freed Maxick CPAs, P.C.
One Evans Street
Batavia, New York 14020

This representation letter is provided in connection with your audit of the financial statements of the Wyoming County Industrial Development Agency (the Agency), as of and for the years ended December 31, 2016 and 2015 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of the date of the auditor's report:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated December 13, 2016, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related party transactions, including those with the primary government having accountability for the Agency and the component unit for which the Agency is accountable, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustments or disclosure, have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. The following have been properly recorded and/or disclosed in the financial statements:
 - a. All significant estimates known to management that are required to be disclosed.
 - b. Deposits and investment securities category of custodial credit risk.

- c. The effect on the financial statements of GASB Pronouncements, which have been issued, but which we have not yet adopted.
 - d. Net position including related restrictions.
9. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
10. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act, because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
11. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

12. We have provided you with:
- a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
 - b. Additional information that you requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and
 - d. Minutes of the meetings of the governing board and committees of board members, or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
15. We have no knowledge of allegations of fraud or suspected fraud, affecting the Agency's financial statements involving:
- a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Agency's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
17. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
18. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
19. We have disclosed to you the identity of the Agency's related parties and all the related-party relationships and transactions of which we are aware.
20. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Agency's ability to record, process, summarize, and report financial data.
21. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

22. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

23. With respect to supplementary information presented in relation to the financial statements as a whole:
- a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe the combining schedules, including its form and content, are fairly presented in accordance with accounting principles generally accepted in the United States of America. We believe the schedule of industrial revenue bonds by the Agency and the schedule of industrial revenue leases by the Agency, including its form and content, are fairly presented in accordance with the Authorities Budget Office and State Comptroller's Office.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. There are no underlying significant assumptions or interpretations regarding the measurement or presentation of such information.
 - e. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

Compliance Considerations

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm that management:

1. Is responsible for the preparation and fair presentation of the financial statements in according with the applicable financial reporting framework.
2. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Agency.
3. Has identified and disclosed to the auditor there have been no instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
4. Has identified and disclosed to the auditor there are no instances, that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
5. Has identified and disclosed to the auditor there have been no instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.
6. Is responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
7. Acknowledges its responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.
8. Has a process to track the status of audit findings and recommendations, if applicable.
9. Has identified and disclosed to the auditor there have been no previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

10. Acknowledges its responsibilities as it relates to nonaudit services performed by the auditor, including a statement that it assumes all management responsibilities; that we have overseen the services by designating James Pierce, Director, who possesses suitable skill, knowledge, or experience; to evaluate the adequacy and results of the services performed; and to accept responsibility for the results of the services.

Wyoming County Industrial Development Agency

James Pierce
Signature

Executive Director
Title

**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
36 CENTER STREET, SUITE D
WARSAW, NEW YORK 14569**

March 20, 2017

Freed Maxick CPAs, P.C.
One Evans Street
Batavia, New York 14020

In connection with your examination of the Wyoming County Industrial Development Agency's (the Agency) compliance with the New York State Comptroller's Investment Guidelines for Public Authorities and Section 2925 of the New York State Public Authorities Law (collectively, the "Investment Guidelines") during the year ended December 31, 2016, in accordance with attestation standards established by the American Institute of Certified Public Accountants, we confirm to the best of our knowledge and belief, the following representations made to you during the course of your engagement:

1. We are responsible for the Agency's compliance with the Investment Guidelines.
2. We are responsible for establishing and maintaining effective internal control over the Agency's compliance with the Investment Guidelines.
3. We have performed an evaluation of the Agency's compliance with the Investment Guidelines. Based on our evaluation, the Agency has complied with the Investment Guidelines during the year ended December 31, 2016 based on the criteria referred to under New York State Comptroller's Investment Guidelines for Public Authorities and Section 2925 of the New York State Public Authorities Law.
4. There has been no known noncompliance with the Investment Guidelines during the year ended December 31, 2016 or through the date of this letter.
5. There are no known communications from regulatory agencies, internal auditors, or other practitioners concerning the Agency's possible noncompliance with the Investment Guidelines received by us during the year ended December 31, 2016 or through the date of this letter.
6. We have made available to you all documentation related to the Agency's compliance with the Investment Guidelines.
7. There has been no knowledge of fraud or suspected fraud affecting the Agency involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where fraud could have a material effect on the Agency's compliance with the Investment Guidelines.
8. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.
9. We have no knowledge of any allegations of fraud or suspected fraud affecting the Agency received in communications from employees, former employees, analysts, regulators, short sellers, or others.
10. We have responded fully to all inquiries made to us by you during your engagement.

11. During the course of your engagement you may have accumulated records containing data which should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Wyoming County Industrial Development Agency

James Peice

Signature

Executive Director

Title