

REPORT TO THE BOARD OF DIRECTORS

WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY

DECEMBER 31, 2019

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March 16, 2020

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, 2019. 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.

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.

Batavia, New York
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 November 22, 2019. 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	<p>Preferability of Accounting Policies and Practices</p> <p>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.</p> <p>Adoption of, or Change in, Accounting Policies</p> <p>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. 85, <i>Omnibus 2017</i>.</p> <p>Significant or Unusual Transactions</p> <p>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.</p> <p>Management's Judgments and Accounting Estimates</p> <p>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."</p>
Basis of Accounting	The financial statements were prepared on the assumption that the Agency 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	The uncorrected misstatements are summarized in the attached "Summary of Uncorrected Misstatements."

Required Communications (Continued)

Area	Comments
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.
Significant Written Communication Between Management and Our Firm	A copy of the representation letter is provided by the management is attached as Exhibit A.

Wyoming County Industrial Development Agency
Summary of Significant Accounting Estimates
Year Ended December 31, 2019

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 determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Agency's December 31, 2019 financial statements.

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
Allowance for Uncollectible Notes	Management estimates the collectability of their notes portfolio on a note by note basis based on conditions that exist at the time of the audit.	Management reviews note payment history and correspondence with borrowers in evaluating the allowance for uncollectible notes every year.	Management's process to estimate the allowance for uncollectible notes appears reasonable.
Depreciation of Property, Plant & Equipment	Management depreciates property, plant and equipment over the estimated useful lives of the assets.	Useful lives were assigned based on the Agency's useful life policy. Management was consistent in calculating depreciation based on the useful lives assigned to each asset.	The methods and lives used to estimate depreciation expense appears reasonable.
Retirement System Liabilities and Deferred Outflows and Deferred Inflows of Resources, and Prepaid Expense	Management estimates the long term retirement system liability and deferred outflows and deferred inflows of resources based on information provided by the New York State Employees' Retirement System (ERS). Management estimates deferred outflows of resources, contributions subsequent to the measurement date based on 75% of the 2020 ERS invoice for the 2019 fiscal year. Management estimates the prepaid expense to the retirement system using 25% of the 2020 ERS invoice for the 2019 fiscal year.	Estimates are based upon the annual invoice provided by the New York State Retirement System and additional information provided by the System.	Management's process to estimate retirement system liabilities, deferred outflows and deferred inflows of resources and amounts prepaid to the retirement system appears reasonable.

Recently Issued Accounting Standards

The GASB has issued the following statement not yet implemented by the Agency. The Agency's management has not yet determined the effect this Statement will have on the Agency's financial statements. However, the Agency plans to implement the standard by the required date. The Statement which might impact the Agency is as follows:

Summary of GASB Statement No. 87, *Leases*

This Statement was issued in June 2017 and will be effective for the Agency beginning with its fiscal year ending December 31, 2020. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of GASB Statement No. 87 are effective for financial periods beginning after December 15, 2019. Earlier application is encouraged.

Summary of Recorded Audit Adjustments

Number	Account No	Name	Debit	Credit
AJE #1	0496.00 ENT01	Deferred outflow of resources - pensions		(29,542)
AJE #1	0496.10 ENT01	Deferred outflow of res, cont. sub. - pensions	617	
AJE #1	0638.00 ENT01	Net pension liability		(29,280)
AJE #1	0697.00 ENT01	Deferred inflow of resources - pensions	28,189	
AJE #1	1700.00 ENT01	Prepaid Expense	736	
AJE #1	6136.00 ENT01	NYSLRS Employer Contribution	29,280	
To record current year activity related to the retirement system for compliance with GASB68 requirements.				
AJE #2	1043.00 ENT01	Tompkins Trust		(3,409)
AJE #2	4027.00 ENT01	Short Term Gain on Investments		(1,212)
AJE #2	5122.00 ENT01	Fiduciary Fees	4,621	
To adjust the value of the Treasury Bills for the fiduciary fees and interest income that occurred during the year.				
			63,443	(63,443)

Summary of Uncorrected Misstatements

Description	Account	Balance Sheet		Income Statement		Net Effect
		Debit	Credit	Debit	Credit	Dr(Cr)
None in the current year.						
<u>Reversal of Prior Year Uncorrected Misstatements</u>						
Interest on CD	4025			\$ 1,912		\$ 1,912
Steuben - CD #8806	1037		\$ 1,492			
Steuben - CD #1566	1042		\$ 420			
<i>To record accrued interest earned on CD's as of 12/31/18 that had not been recorded by the Agency.</i>						
Overall net effect of uncorrected misstatements				<u>\$ 1,912</u>	<u>\$ -</u>	<u>\$ 1,912</u>

EXHIBIT A

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

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

March 16, 2020

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, 2019 and 2018, 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 November 22, 2019, 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 Wyoming County having accountability for the Agency and the component units for which the Agency is accountable and other organizations for which the nature and significance of their relationship with the Agency are such that exclusion would cause the reporting of the Agency's financial statements to be misleading or incomplete, including interfund transactions, interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of the 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. Net position classifications.
 - b. All significant estimates known to management that are required to be disclosed.
 - c. Investments valued at amortized cost.
 - d. Deposits and investment securities category of custodial credit risk.
 - e. The effect on the financial statements of GASB Pronouncements, which have been issued, but which we have not yet adopted.

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 basic 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 adequately considered the qualifications of other auditors in determining the disclosures included in the financial statements with respect to certain pension information provided for the New York State and Local Employees' Retirement System and New York State.
12. We have informed you of all uncorrected misstatements. As of and for the year ended December 31, 2018, we believe that the effects of the uncorrected misstatements aggregated by you and summarized in the attached Summary of Uncorrected Misstatements are immaterial, both individually and in the aggregate, to the basic financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Information Provided

13. 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.
14. All transactions have been recorded in the accounting records and are reflected in the financial statements.
15. 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, if applicable.
16. 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.
17. 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.
18. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
19. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
20. 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.
21. 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.

22. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
23. 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

24. 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 statements, including its form and content, are fairly presented in accordance with U.S. GAAP. We believe the schedule of industrial revenue bonds issued by the Agency and the schedule of industrial revenue leases issued by the Agency, including its form and content, are fairly presented in accordance with the requirements of the New York State Authorities Budget Office and New York 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.
25. With respect to the schedule of the Agency's proportionate share of the net pension liability and schedule of Agency's pension contributions presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. Underlying significant assumptions or interpretations regarding the measurement or presentation of such information is adequately disclosed in the financial statements for pensions.

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 accordance 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 all 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 all 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 all 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 identified for the auditor previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendation have been implemented.
9. Has a process to track the status of audit findings and recommendations.
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, Executive 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

Summary of Uncorrected Misstatements

Description	Account	Balance Sheet		Income Statement		Net Effect
		Debit	Credit	Debit	Credit	Dr(Cr)
None in the current year.						
<u>Reversal of Prior Year Uncorrected Misstatements</u>						
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**WYOMING COUNTY INDUSTRIAL DEVELOPMENT AGENCY
36 CENTER STREET, SUITE D
WARSAW, NEW YORK 14569**

March 16, 2020

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 period of January 1, 2019 through December 31, 2019, 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 period of January 1, 2019 through December 31, 2019, 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 period of January 1, 2019 through December 31, 2019, 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 period of January 1, 2019 through December 31, 2019, 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 Price
Signature

Executive Director
Title