



March 19, 2018

**To the Board of Directors**  
***County of Chautauqua Industrial Development Agency***  
**Jamestown, New York**

We have completed our audit of the Agency's financial statements for the year ended December 31, 2017 and have issued our report thereon dated March 19, 2018. Our audit report expressed an opinion which states that the Agency's financial statements are in accordance with generally accepted accounting principles for governments located in the United States of America. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by *Government Auditing Standards*.

In planning and performing our audit of the financial statements of the ***County of Chautauqua Industrial Development Agency*** for the year ended December 31, 2017, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and its operation. Except as noted within the body of such report, the Agency generally was in compliance with laws and regulations and maintains a reasonable system of accounting internal controls.

Below is a summary of additional comments which we desire to bring to the attention of the board and management. Although these matters were not of sufficient nature to be disclosed in the previously mentioned report, we do feel the comments should be reviewed and considered.

#### **Revenue Recognition**

The ***County of Chautauqua Industrial Development Agency*** is a party to several tax lease and PILOT (payment-in-lieu of taxes) projects throughout Chautauqua County, whereby the Agency provides administrative support and receives an administrative fee. For certain projects, the Agency has structured the payments to be made over a period of up to nine years. Although revenue is earned on the projects once the tax lease and PILOTS have been filed with the State of New York, the Agency has recognized revenue on a cash basis until construction commences at which time the remaining payments are recorded as a receivable and revenue. The rationale for this treatment is that the Agency is not certain the projects will move forward until construction begins.

For the LeCom Health Challenge, the Agency receives sponsorship commitments and contributions throughout the year for the following year's golf tournament. Those commitments that are formalized in writing are recognized as revenue and if unpaid at year-end, a receivable is recorded. The rationale for this treatment is that the sponsors have earned a benefit from tournament advertising well before the date of the event.

We recommend that the Agency develop formal revenue recognition policies with regards to the projects and LECOM Health Challenge that is reviewed and approved by the Board of Directors.

We would also like to provide an update to the Board on the status of comments made in a similar letter issued in the prior year. Below is a summary of prior year comments, along with their current status:

#### **Reserve for Bad Debts**

The Agency maintains a worksheet that lists each of its loans in its loan portfolio along with the loan file number, loan closing date, loan balance and amount estimated as potentially uncollectable. We recommend that the Agency consider including the loans collateral to this worksheet, as this information is an important factor in developing the bad debt reserve estimate.

*Current Status: During the current year, the Agency enhanced its worksheet to include the collateral held for each loan. The Agency may wish to also include a column for the estimated value of such collateral. In addition, the Agency may consider whether financial statements should be provided for loans outstanding and the frequency of when such information should be received.*

We would like to take this opportunity to thank the management and staff of the Agency for their assistance and cooperation during the course of our fieldwork. It has been a pleasure to be of service to the [County of Chautauqua Industrial Development Agency](#).

Sincerely,

*Buffamante Whipple Buttafaro PC*

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.