



March 15, 2022

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, 2021 and have issued our report thereon dated March 22, 2022. 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, 2021, 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 board of directors and management's attention involving various matters. Although such matters were not of sufficient nature to be disclosed

Loan Funds

The COVID-19 Pandemic has had a notable impact on the general economic conditions on business throughout the world. During the prior year, the County of Chautauqua Industrial Development Agency was awarded funding from the Economic Development Administration (EDA) to establish a new loan fund targeted to assist businesses impacted by Pandemic. The balance outstanding on this fund, along with existing loan funds, totaled \$16 million (before allowance). We recommend that the Agency consider implementing the following policies with respect to its loan funds:

Establishing allowance for uncollectible accounts

In prior years, the Agency has evaluated each loan for its credit worthiness, level of collateral, payment history, etc. to develop the allowance for uncollectible notes receivable. The Pandemic has created a level of uncertainty with respect to collection of receivables, as certain loans in existing funds moved to interest only deferrals, while the new EDA loan fund was specifically targeted to those businesses impacted by the Pandemic. Because of these uncertainties, we recommend the Agency consider developing a policy that outlines the Agency's process for developing the allowance for uncollectible accounts balance, which can be consistently applied.

Approvals for deferrals and write-offs

We recommend the Agency develop a policy that outlines the procedures for when loans are granted interest only deferral arrangements and forbearance agreements, along with procedures for when loans are ultimately written off. The policy should dictate the process for evaluation and the documentation required to evidence approval.

Journal Entries

The Agency should develop a standardized form which documents the date, amount and purpose of journal entries that would be completed and signed by the individual initiating the transaction. Once completed, an individual independent of the preparer should be responsible for reviewing the entries and signing off the form to evidence the review.

Bank Reconciliations

Currently the Agency prepares bank reconciliations within its accounting software, however, such reconciliations are not signed and dated by the preparer and reviewer. We recommend that the Agency develop a process whereby bank reconciliations are signed and dated by both the preparer and reviewer after completion each month.

GASB 87 – Accounting for Leases

In 2017, the Governmental Accounting Standards Board issued Statement No. 87, Accounting for Leases, which for the **County of Chautauqua Industrial Development Agency** will be effective for the fiscal year ending December 31, 2022. The primary objective of this new standard is to bring most leases onto the balance sheet. The goal is to determine if any operating leases contain a right-to-use asset and record an asset and liability related to that lease. Also under the new standard there will be changes in the terms used for the two classifications, operating leases and finance leases (previously capital leases). We recommend that the Agency begin to collect pertinent data on all lease agreements for evaluation along with familiarizing themselves with the new lease standard, which may include continuing education, webinars and further training.

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.