



March 25, 2025

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, 2024 and have issued our report thereon dated March 25, 2025. 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, 2024, 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

Service Contracts

During the current year and previous years, the Agency has received funds from Chautauqua County in the form of service contracts. These funds are sometimes clearly identified as being generated from federal sources that the County has received. Denoting these funds as a service contract agreement between the County and the Agency alleviates the Agency from adhering to many requirements associated with the federal monies. We recognize that the contractor relationship is the stance of both the County and the Agency. However, there may be exposure, especially due to the closeness of the entities, that the federal government would determine these monies to be a pass-through relationship. This would then require the Agency to adhere to all federal compliance requirements related to that grant. Our recommendation is to continue to formulate contracts that create a service contractor relationship between the parties and that the two parties possibly have their attorney's review the contracts to further solidify the position that these are service contracts and not pass-through relationships.

Cash Balances

As a result of increases in interest rates in prior years, governmental entities have the ability to maximize interest earnings on cash balances. We recommend the Agency review its level of cash deposits and develop a strategy to ensure that interest earnings are maximized.

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.