

## **DRESCHER & MALECKI LLP**

2721 Transit Road, Suite 111  
Elma, New York 14059  
Telephone: 716.565.2299  
Fax: 716.389.5178



August 17, 2023

County Audit Committee  
County of Chautauqua, New York

We have audited the financial statements of the County of Chautauqua, New York (the “County”) as of and for the year ended December 31, 2022, and have issued our report thereon dated August 17, 2023 (which report includes a reference to other auditors). Professional standards required that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated March 2, 2023, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the County solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding other matters noted during our audit in a separate letter to you dated August 17, 2023.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the County is included in Note 1 to the financial statements. Except for the matters discussed below, there have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended December 31, 2022.

During the year ended December 31, 2022, the County implemented Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases*. GASB Statement No. 87 better meets the information needs of financial statement users by improving accounting and financial reporting for leases by governments. As a result of the implementation of GASB Statement No. 87, the County made adjustments to capital assets and lease liabilities; however, the County did not restate as of January 1, 2022 because there was not a material impact on the County's net position.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements for the year ended December 31, 2022 are the allowance for doubtful accounts, liabilities for compensated absences, other post-employment benefits obligation, workers' compensation, health insurance the net pension asset and landfill closure and post-closure costs.

Management's estimate of the allowance for doubtful accounts is based on past trends and estimated collectability. Management's estimate of the liability for compensated absences is based on available information regarding eligibility, leave balances accrued and current compensation rates. Management's estimates of the liability for other postemployment benefits obligation, workers' compensation, health insurance, and the net pension asset are based on information obtained from third party specialists, including information obtained from third party administrators, attorneys and actuarial valuations performed by a consultant. Management's estimate of the liability for landfill closure and post-closure costs is based on historical costs and remaining number of years required to monitor the landfill. We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

### *Alternative Accounting Treatments*

We discussed alternative method of revenue recognition, which is based on the County's internal policies and will be consistently applied year to year, with management. As of December 31, 2022, a long-term receivable for loans payable that is owed to the County in the amounts of \$3,353,158 and \$81,371 in the General Fund and Capital Projects Fund, respectively, has been recorded and offset within nonspendable fund balance. This method is an alternative accounting treatment within accounting principles generally accepted in the United States of America for policies and practices related to material items, including recognition, measurement, and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, related to the December 31, 2022.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the County's financial statements relate to significant accounting policies and estimates, as described in Note 1 to the financial statements, as well as the disclosures related to risk management, contingencies, and the landfill closure and post-closure care cost, within notes 8, 16, and 17, respectively.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified material misstatements.

In addition, professional standards require us to communicate to you all material corrected misstatements that were brought to the attention of management as a result of our audit procedures. The proposed adjusting journal entries for the year ended December 31, 2022 including those material misstatements that we identified as a result of our audit procedures, were brought to the attention of, and corrected by management, are attached to the management representation letter dated August 17, 2023 as Exhibit I (copy attached).

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the County's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated August 17, 2023.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings or Issues**

In the normal course of our professional association with the County, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the County's auditors.

\* \* \* \* \*



August 17, 2023



## CHAUTAUQUA COUNTY DEPARTMENT OF FINANCE

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PAUL M. WENDEL, JR.  
*County Executive*

KITTY L. CROW  
*Director of Finance*

August 17, 2023

Drescher & Malecki LLP  
2721 Transit Road, Suite 111  
Elma, New York 14059

This representation letter is provided in connection with your audit of the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Chautauqua, New York (the "County") as of December 31, 2022 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of the County in conformity with accounting principles generally accepted for governments in the United States of America ("U.S. GAAP").

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of August 17, 2023:

### **Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 2, 2023, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- The financial statements referred to above have been fairly presented in accordance with U.S. GAAP and include all properly classified funds, required supplementary information and notes to the basic financial statements.
- 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.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 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.
- There are no identified material uncorrected misstatements.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues or general revenues.

- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-equity transactions and balances have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.
- All required supplementary information is measured and presented within the supplementary guidelines.
- With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

**Information Provided**

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstatement as a result of fraud.
- We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.

- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We have disclosed to you all known or actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the County's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- The County has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the County is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 ("GASB-62"), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.



- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
  - Continuing disclosure consent agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The County has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

**Required Supplementary Information**

With respect to the required supplementary information accompanying the financial statements, including Management's Discussion and Analysis:

- We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
- We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with accounting principles generally accepted in the United States of America.
- The methods of measurement or presentation have not changed from those used in the prior period and the basis for our assumptions and interpretations, underlying those measurements or presentations, are reasonable and appropriate in the circumstances.

## **Supplementary Information in Relation to the Financial Statements as a Whole**

With respect to the supplementary information accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the supplementary information in accordance with U.S. GAAP.
- We believe that the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP.
- The methods of measurement or presentation have not changed from those used in the prior period and the basis for our assumptions and interpretations, underlying those measurements or presentations, are reasonable and appropriate in the circumstances.
- We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

## **Single Audit**

With respect to federal awards, we represent the following to you:

- We are responsible for understanding and complying with and have complied with the audit requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* ("Uniform Guidance").
- We are responsible for the preparation and presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance.
- We believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance.
- The methods of measurement or presentation have not changed from those used in the prior period and the basis for our assumptions and interpretations, underlying those measurements or presentations, are reasonable and appropriate in the circumstances.
- We believe the significant assumptions or interpretations underlying measurement or presentation of the schedule of expenditures of federal awards, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
- We are responsible for including the auditor's report on the schedule of expenditures of federal awards in any document that contains the schedule and that indicates that the auditor has reported on such information.

- We have identified and disclosed all of our government programs and related activities subject to the Uniform Guidance compliance audit.
- When the schedule of expenditures of federal awards is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by the entity of the schedule of expenditures of federal awards and the auditor's report thereon.
- We have, in accordance with the Uniform Guidance, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, and other assistance.
- We have provided to you our interpretations of any compliance requirements that have varying interpretations.
- We have made available to you all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities relevant to federal programs and related activities.
- We have received no requests from a federal agency to audit one or more specific programs as a major program.
- We have identified and disclosed to you all amounts questioned and any known noncompliance with the direct and material compliance requirements of federal awards, including the results of other audits or program reviews, or stated that there was no such noncompliance. We also know of no instances of noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report.
- We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program reports and claims for advances and reimbursements.
- Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared (and are prepared on a basis consistent with the schedule of expenditures of federal awards).
- The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.

- We have monitored subrecipients to determine if they have expended pass-through assistance in accordance with applicable laws and regulations and have met the requirements of the Uniform Guidance.
- We have issued management decisions for audit findings that relate to federal awards we make to subrecipients and such management decisions are issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse (“FAC”). Additionally, we have followed-up ensuring that the subrecipients have taken the appropriate and timely action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient from the pass-through entity.
- We have considered the results of subrecipients’ audits and have made any necessary adjustments to our own books and records.
- We have properly classified amounts claimed or used for matching in accordance with related guidelines in the Uniform Guidance, as applicable.
- We have charged costs to federal awards in accordance with applicable cost principles.
- We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor’s report.
- The reporting package does not contain personally identifiable information.
- We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes and an acknowledgment of the auditor’s role in the preparation of this information.
- We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
- We have a reconciliation of the Schedule of Expenditures of Federal Awards to the County’s basic financial statements.

In addition:

- We are responsible for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major federal program; and we have complied with these direct and material compliance requirements.
- We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provide reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on our federal programs. Also, no changes have been made in the internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.
- The County's financial statements include the operations of the Chautauqua County Industrial Development Agency, the Chautauqua County Land Bank, and the Chautauqua County Tobacco Asset Securitization Corporation which are not included in the schedule or expenditures of federal awards during the year ended December 31, 2022.
- We are responsible for and have accurately completed the appropriate sections of the Data Collection Form and we are responsible for taking corrective action on audit findings of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

#### **Draft Part 43 of NYCRR**

With respect to New York Department of Transportation Assistance awards, we represent the following to you:

- The Schedule of Expenditures of New York Department of Transportation Assistance was prepared in accordance with the requirements of Draft Part 43 of the "New York State Codification of Rules and Regulations."
- Compliance with the laws, regulations, contracts, and grant agreements applicable to the County for state transportation assistance programs.
- Establishing and maintaining effective internal control over financial reporting and reporting on state transportation assistance.
- Identifying and disclosing to the auditor all laws, regulations, contracts, and grant agreements that could have any direct and material effect on the preparation of financial statements or the audits required under these regulations.

- Identifying and disclosing to the auditor any and all known instances of material noncompliance, violations or possible agreements whose effects should be considered for disclosure in the financial statements or the audit documents required under these regulations or as a basis for recording a loss contingency claim.

### **Other Specific Representations**

- We have not completed the process of evaluating the impact that will result from adopting GASB Statements No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; No. 96, *Subscription-Based Information Technology Arrangements*; and a portion of No. 99, *Omnibus 2022*, effective for the year ending December 31, 2023, and the remaining portion of No. 99, *Omnibus 2022*; No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*; and No. 101, *Compensated Absences*, effective for the year ending December 31, 2024. The County is, therefore, unable to disclose the impact that adopting GASB Statements No. 94, 96, 99, 100 and 101 will have on its financial position and results of operations when such statements are adopted.
- The County is responsible for determining and maintaining the adequacy of the allowance for doubtful notes, loans, interfund receivables, taxes receivable and accounts receivable, as well as estimates used to determine such amounts. Management believes the allowances are adequate to absorb currently estimated bad debts in the account balances.
- We agree with the work of specialists in evaluating the liabilities for workers' compensation, health insurance, other postemployment benefits, and the net pension liability and have adequately considered the qualifications of the specialists in determining amounts and disclosures used in the financial statements and underlying accounting records. We did not give any instructions, nor cause any instructions to be given, to specialists with respect to value or amounts derived in an attempt to bias their work, and we are not aware of any matters that have impact the independence or objectivity of the specialists.
- We have reviewed and approved the various adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements. The proposed adjusting journal entries are presented in Exhibit I.
- We have provided to you our views on reported audit findings, conclusions, and recommendations, as well as planned corrective actions.
- We have no intention of withdrawing from multi-employer pension plans, or taking any other action that could result in an effective termination or reportable events for any of the plans. We are not aware of any occurrences that could result in the termination of any of our multi-employer pension plans to which we contribute. We believe the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purpose are appropriate in the circumstances.
- We are unable to determine the possibility of a withdrawal liability in a multi-employer benefit plan.
- The County labor agreements and County Legislature rules and regulations provide for sick leave, vacations, and miscellaneous other paid absences. Upon retirement, certain eligible employees qualify for paid hospitalization insurance premiums and/or payment for fractional values of unused sick leave. Estimated sick leave and compensatory time accumulated by

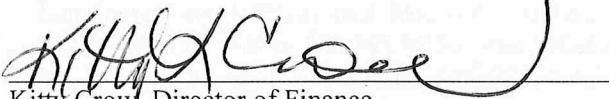


governmental fund type employees has been recorded as a liability and expenditure in the governmental-wide financial statements. Payment of sick leave and compensatory time is dependent upon many factors; therefore, timing of future payments is not readily determinable. Management believes that sufficient resources will be made available for the payments of sick leave and compensatory time when such payments become due.

- The County has elected to present the Chautauqua County Land Bank Corporation as a major enterprise fund.
- The County is in compliance with the Office of the New York State Comptroller's reporting requirements relating to the New York State property tax cap and tax freeze programs.
- The County considers encumbrances in excess of \$250,000 to be significant.
- The County has reclassified certain Chautauqua Tobacco Asset Securitization Corporation ("CTASC") items in the financial statements. Government-wide expenditures identified as bond issuance costs have been included as accreted interest on the reconciliation of the statement of revenues, expenditures and changes in fund balances—governmental funds to the government-wide statement of activities as the County does not believe these amounts appropriately represent bond issuance expenses.
- The County has determined that the ending balance in construction in progress represents ongoing capital projects that have not yet been completed, and as such do not represent depreciable assets.
- The County reports nonspendable, restricted, committed, assigned and unassigned fund balances. The County has nonspendable balances of \$6,593,688, restricted balances of \$13,613,565, assigned balances of \$12,506,162 and unassigned balance of \$43,579,536 within its governmental funds for the year ended December 31, 2022.
- At December 31, 2022, the County had a deficit net position of \$2,185,428 in the Workers' Compensation Fund within the Internal Service Funds. This deficit is the result of year-end case reserves and reserves for incurred but not reported claims that are related to the County's general operations, which are primarily long-term in nature. This deficit is anticipated to be remedied through future charges to the operating funds and the enterprise funds. The Workers' Compensation Fund charges the general operations of the County for actual claims paid on a pay-as-you-go basis. The Workers' Compensation Fund charges the general operating funds for actual claims paid on pay-as-you-go basis.
- We have disclosed to you all lease contracts and have established a reporting threshold of \$100,000 for lease liabilities and receivables.
- During the year ended December 31, 2022, the County implemented GASB Statement No. 87, *Leases*. GASB Statement No. 87 better meets the information needs of financial statement users by improving accounting and financial reporting for leases by governments. As a result of the implementation of GASB Statement No. 87, the County made adjustments to capital assets and lease liabilities; however, the County did not restate as of January 1, 2022 because there was not a material impact on the County's net position.

- In addition to audit services, based on information in the County's trial balance, Drescher & Malecki LLP has assisted the County in preparing the County's financial statements for the year ended December 31, 2022. In conjunction with the preparation of the financial statements, the County has performed the following functions:
  - Made all management decisions and performed all management functions.
  - Designated Kitty Crow, Director of Finance, who we believe has suitable skill, knowledge, and/or experience has overseen the aforementioned service.
  - Evaluated the adequacy and results of the services performed.
  - Evaluated and accepted responsibility for the results of the services.
  - Established and maintained internal controls, including monitoring ongoing activities.
- County management understands that Drescher & Malecki has not performed any management functions or made management decisions on behalf of the County. Any nonattest services were performed in accordance with the applicable professional standards issued by the American Institute of Certified Public Accountants.

  
Daniel Pavlock, Audit & Control Committee Chairman

  
Kitty Crow, Director of Finance



County of Chautauqua, New York  
Proposed Adjusting Journal Entries  
Year Ended December 31, 2022

Account	Description	Debit	Credit
<b>Proposed Adjusting Journal Entry #1</b>			
For reporting purposes only: To reclassify fund balance adjustments to current period activity.			
ESS.924.0000	NET ASSETS-UNRESTRICTED (DEFICIT)	\$ 133,182	
ESS.8120.4510.0000	ENGINEERING SERVICES		\$ 133,182
<b>Total</b>		<u>133,182</u>	<u>133,182</u>
<b>Proposed Adjusting Journal Entry #2</b>			
For reporting purposes only: To record lease activity as of 12/31/2022.			
A.1620.8060.4350.0000	BUILDING MAINTENANCE	741,015	
A.9730.6000.0000	PRINCIPAL ON INDEBTEDNESS	909,066	
A.9730.7000.0000	INTEREST ON INDEBTEDNESS	156,980	
A.1620.8060.4350.0000	BUILDING MAINTENANCE		1,066,046
A.9950.0000.0000	NONOPERATING LEASE INFLOW		741,015
<b>Total</b>		<u>\$ 1,807,061</u>	<u>\$ 1,807,061</u>