

**ALLEGANY COUNTY TELECOMMUNICATIONS
DEVELOPMENT CORPORATION**

REPORT ON FINANCIAL STATEMENTS

DECEMBER 31, 2019

**ALLEGANY COUNTY TELECOMMUNICATIONS
DEVELOPMENT CORPORATION**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

***Allegany County Telecommunications
Development Corporation (ACTDC)***

Report on Financial Statements

We have audited the accompanying financial statements of **ACTDC** (a nonprofit organization) as of for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **ACTDC** as of December 31, 2019 and 2018, and the respective changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis and budgetary comparison information that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational economic, or historical context. Our opinion on the consolidated financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2020 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Bysiek CPA, PLLC

**BYSIEK CPA, PLLC
DECEMBER 4, 2020
OLEAN, NY 14760**

As of December 31,

Assets

Cash and cash equivalents
Total assets

	<u>2019</u>		<u>2018</u>
	\$ 38,377	\$	4,584
	<u>\$ 38,377</u>	\$	<u>4,584</u>

Liabilities and Net Position

Liabilities

\$ - \$ -

Net position

Unrestricted

Total liabilities and net position

	38,377		4,584
	<u>\$ 38,377</u>	\$	<u>4,584</u>

For the Year Ended December 31,

	<u>2019</u>	<u>2018</u>
Operating Revenues		
Contracted services	\$ 50,000	\$ -
Bandwidth sales	10,525	10,119
	<hr/>	<hr/>
Total support and revenue	60,525	10,119
	<hr/>	<hr/>
Operating Expenses		
Payroll	13,200	41,304
Professional fees	3,178	3,568
Broadband projects	7,310	5,480
Office expenses	375	2,005
Insurance	1,697	1,576
Utilities and telephone	272	1,007
Travel	701	1,063
	<hr/>	<hr/>
Total expenses	26,732	56,003
	<hr/>	<hr/>
Change in net position	33,793	(45,885)
	<hr/>	<hr/>
Net position, beginning of year	4,584	50,468
	<hr/>	<hr/>
Net position, end of year	\$ 38,377	\$ 4,584
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<i>For the Year Ended December 31,</i>	2019	2018
Cash flows from operating activities		
Receipts:		
Contracted services	\$ 50,000	\$ -
Bandwidth sales	10,525	10,119
Payments:		
Payroll costs	(13,200)	(41,304)
Other operating expenses	(13,532)	(14,700)
Net cash used in operating activities	33,793	(45,885)
Net change in cash	33,793	(45,885)
Cash at beginning of year	4,584	50,467
Cash at end of year	\$ 38,377	\$ 4,584

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

- A. Nature of Operations
Allegany County Telecommunications Development Corporation (ACTDC) was incorporated on August 25, 2015 under the Not-for-Profit Corporation law in of the State of New York. The Corporation's mission is to provide telecommunications infrastructure for the purpose of aiding a community or geographical area by relieving and reducing unemployment, promoting and providing for additional and maximum employment, better and maintaining job opportunities, instructing or training individuals to improve or develop their capabilities for such jobs, attracting industry to the community or area by encouraging the development of, or retention of an industry in the community or area. The Corporation is subject to the provisions of the New York State Public Authorities Law. As a local authority under this law, the Corporation is required to make certain information available to the public.
- B. Basis of Accounting
The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.
- C. Basis of Presentation
The Corporation's financial statements consist of three statements that provide information about net position and cash flows as of and for the year ending December 31, 2019 and 2018.
- D. Measurement Focus and Basis of Accounting
The financial statements of the Corporation are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Corporation gives or receives value without directly receiving or giving equal value in exchange, include grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied.
- E. Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- F. Cash and Cash Equivalents
For purposes of reporting cash flows, the Corporation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. All amounts on deposit were fully collateralized as of December 31, 2019 and 2018.
- G. Revenue Recognition
ACTDC receives revenue primarily through its contract with Allegany County to provide management and marketing services for its E-911 and wireless broadband telecommunications infrastructure and via sales of internet bandwidth.
- H. Estimates
Management uses estimates and assumptions in preparing financial statements. Actual results could differ from the estimates.
- I. Date of Management's Review
Management has evaluated subsequent events through December 4, 2020 which is the date the financial statements are available for issuance.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (CONTINUED)

J. Net Position

Net position is classified into three categories according to external restrictions or availability of assets for satisfaction of the Corporation's obligations:

- a. Net Investment in Capital Assets- represents the total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets. The Corporation did not have any net position in this category at December 31, 2019 and 2018.
- b. Restricted - includes assets in which the Corporation is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. The Corporation did not have any restricted net position as of December 31, 2019 and 2018.
- c. Unrestricted - represents resources derived from operating revenue. These resources are used for transactions relating to the general operations of the Corporation and may be used at the discretion of the Board of Directors to meet current expenses for any purpose.

K. Income Taxes

ACTDC is a public benefit corporation of the State of New York and is exempt from income taxes under Section 501(c)4 of the Internal Revenue Code. Therefore, no provision for income taxes is reflected in the financial statements.

L. Accounting Pronouncements

The Corporation has evaluated the provisions of GASB Statement Nos. 83 [*Certain Asset Retirement Obligations*], 84 [*Fiduciary Activities*], 88 [*Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements*], and 90 [*Majority Equity Interests-an Amendment of GASB Statements No. 14 and 61*] and determined that they have no significant impact on the Corporation's financial statements. The following are GASB Statements that are currently being evaluated, by the Corporation, for their potential impact in future years:

- No. 87, Leases, effective for the year ending March 31, 2023.
- No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, effective for the year ending March 31, 2022.
- No. 91, Conduit Debt Obligations, effective for the year ending March 31, 2023.
- No. 92, Omnibus 2020, effective for the year ending March 31, 2023.
- No. 93, Replacement of Interbank Offered Rates, be effective for the year ending March 31, 2023.
- No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, effective for the year ending March 31, 2024.
- No. 96, Subscription-Based Information Technology Arrangements, effective for the year ending March 31, 2024.
- No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32, effective for the year ending March 31, 2023.

NOTE 2: SUBSEQUENT EVENTS

On March 10, 2020, the World Health Organization declared the coronavirus outbreak to be a pandemic. Actions taken around the world to help mitigate its spread have included restrictions on travel, quarantines, and forced closures for certain types of public places and businesses. The Corporation's management has assessed these events and the impact of the pandemic on its operations. As these events continue to unfold, management believes that the Corporation has assets available to absorb this potential impact.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors

Allegany County Telecommunications Development Corporation (ACTDC)

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **ACTDC** (a nonprofit organization), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated December 4, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **ACTDC's** internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **ACTDC's** internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **ACTDC** financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bysiek CPA, PLLC

**BYSIEK CPA, PLLC
DECEMBER 4, 2020
OLEAN, NY 14760**

Section I – Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements of *Allegany County Telecommunications Development Corporation (ACTDC)*.
2. No deficiencies in internal controls related to the audit of the financial statements are reported in the Report on Internal Controls over Financial Reporting.
3. No instances of noncompliance material to the financial statements of *ACTDC* were disclosed during the audit.

Section II – Financial Statement Findings

A. Internal Control Over Financing Reporting

There were no findings related to internal control over financial reporting noted for the year ending December 31, 2019.

B. Compliance and Other Matters

There were no compliance findings noted for the year ending December 31, 2019.

Section III – Summary Schedule of Prior Year Findings

A. Internal Control Over Financing Reporting

There were no findings related to internal control over financial reporting noted for the year ending December 31, 2018.

B. Compliance and Other Matters

There were no compliance findings noted for the year ending December 31, 2018.