

ONTARIO COUNTY INDUSTRIAL DEVELOPMENT AGENCY

NEW YORK

MANAGEMENT LETTER

For Year Ended December 31, 2008

Raymond F. Wager, CPA, P.C.
Certified Public Accountants

Shareholders:

Raymond F. Wager, CPA
Thomas J. Lauffer, CPA
Thomas C. Zuber, CPA

Members of
American Institute of
Certified Public Accountants
and
New York State Society of
Certified Public Accountants

March 16, 2009

To the Executive Board
Ontario County Industrial
Development Agency, New York

In planning and performing our audit of the financial statements of the Ontario County Industrial Development Agency, New York as of and for the year ended December 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Ontario County Industrial Development Agency, New York's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Ontario County Industrial Development Agency, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Ontario County Industrial Development Agency, New York's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be control deficiencies.

A control deficiency 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 misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Ontario County Industrial Development Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Ontario County Industrial Development Agency's financial statements that is more than inconsequential will not be prevented or detected by the Ontario County Industrial Development Agency's internal control.

Ontario County Industrial Development Agency's written responses to the control deficiencies identified in our audit have not been subjected to the auditing procedures applied in the audit of the financial statements and, according, we express no opinion on it.

Prior Year Control Deficiencies Pending Corrective Action:

Internal Controls –

We commend the Agency on the careful review and documentation of existing job functions to ensure proper segregation of duties and internal control procedures. We noted much improvement in several areas due to the addition of a part time staff position. We recommend a continued effort be made to review the following areas:

1. Review of general journal entries throughout the year by an individual not responsible for general ledger maintenance.
2. Review of QuickBooks audit change reports by an individual not responsible for general ledger maintenance.

We recommend the Agency review these items with an information technology consultant to ensure the adequacy of the existing software as well as discuss the possibility of alternative accounting software.

Management Response –

As part of the review of the monthly financials prepared by the Finance Clerk, the CFO will review all journal entries completed within the reporting period and the Finance Clerk will prepare an audit change report from the accounting software for review. Any concerns that arise will be directed to the Treasurer of the Agency.

Due From Related Party –

The OCIDA has a receivable on the books from Geneva Industrial Park which dates back to 1989. The balance outstanding at year end is \$20,460.

We recommend OCIDA continue to review the collectability of this receivable since there have been no payments received under this agreement since its inception.

Management Response –

The CFO will continue to review the existing agreements related to the Geneva Industrial Park and will update the Board on any change in the status of the outstanding receivable.

Current Year Control Deficiencies:

Bank Reconciliations –

During our review of the bank reconciliation process, we noted the bank reconciliations are not reviewed by the Treasurer of the Agency.

Consideration should be given to having the Treasurer of the Agency review monthly bank reconciliations.

Management Response –

The CFO will provide the Treasurer of the Agency or in his absence another member of the Board with the bank reconciliations for review at each Board meeting.

(Current Year Control Deficiencies) (Continued)

General Ledger Accounting–

During the year a \$481,173 expenditure was recorded for the purchase of recycling equipment. Subsequently, when the State grant was received to fund this expenditure, it was recorded against the expense account. This situation required an audit adjustment to record and capitalize the purchase of the equipment. Security perimeter fencing was also installed in 2008, however, was not paid for until 2009. This situation required an adjustment in the amount of \$173,202 to properly accrue and capitalize this purchase.

We recommend the IDA continue in its efforts to properly record all transactions as they occur.

Management Response –

The fiscal staff of the Agency will continue its efforts to properly record transactions within the fiscal year during which the activity occurred.

Billing –

During the course of our examination, we noted that the Agency has adequate procedures for billing, however, we noted the billing for the Airport is not reviewed before being sent out.

We recommend all billings be reviewed prior to being sent out by an individual independent of preparing the invoice.

Management Response –

As is done with all Agency billings, the Finance Clerk will prepare the billings for the Airport and said billings will be reviewed by the CFO prior to sending.

Computer Controls –

Our review of controls over computer access revealed that passwords are not changed on a periodic basis. Subsequent to year end the IDA has implemented a process to change passwords periodically.

We recommend all system users update passwords frequently as a matter of policy, to improve internal accounting controls over computer access.

Management Response –

The fiscal staff has instituted appropriate controls within the financial system to ensure that passwords are changed frequently.

Other Items:

The following items are not considered to be control deficiencies, however, we consider them other items which we would like to communicate to you as follows:

Equipment Acquisition – Trilogy Glass –

The IDA contracted with the New York State Department of Economic Development to fund the purchase and installation of recycling equipment. The terms of the contract require the IDA to perform specific monitoring requirements related to the use of this equipment.

We recommend procedures be developed to ensure compliance with all monitoring requirements included in the contract.

Management Response –

Management is proposing to perform an on-site inspection of the Trilogy operations at the Ontario County Landfill annually and provide a written report to the Board.

Financial Overview of the Airport Fund –

Current liabilities exceed current assets resulting in an unrestricted net asset deficit balance of (\$270,539) at December 31, 2008 which is an increase of \$20,189 from prior year.

We recommend the Agency continue to closely monitor the equity position of the Airport Fund and make decisions to improve the overall financial situation.

Management Response –

Management continues to review the operations at the Airport. Updates are provided for the Agency Board on a monthly basis at its meeting.

Prior Year Recommendations:

We are pleased to report the following prior year recommendations have been implemented to our satisfaction:

1. Separate individuals within the business office are now responsible for general ledger maintenance and the bank reconciliation process.
2. Bank transfers are approved by the Board on a monthly basis prior to the transfer being executed by the Financial Manager.
3. State and federal claim documentation is prepared by consulting engineers of the IDA and is being reviewed prior to submission by the Financial Manager.
4. Bank reconciliations were completed in a timely manner.
5. The testing of the back-up data has occurred in the 2008 year to ensure the stored data is accessible.

(Prior Year Recommendations) (Continued)

6. All disbursements were included in the list of monthly invoices presented to the Board for review prior to payment.
7. Formal training of Board members is being monitored.
8. A formal code of ethics for Board members was adopted which is signed by the Board members who certify they will follow the code of ethics and certify their independence in IDA affairs.
9. An audit committee and governance committee were established for oversight of operation and executive functions.

This communication is intended solely for the information and use of management, the Executive Board, audit committee, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

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We wish to express our appreciation to all client personnel for the courtesies extended to us during the course of our examination.

Raymond F. Wagon, CPA P.C.

March 16, 2009