

**ONTARIO COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

**MANAGEMENT LETTER**

**For Year Ended December 31, 2007**

**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

April 17, 2008

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 as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Ontario County Industrial Development Agency'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the Ontario County Industrial Development Agency'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 a certain deficiency in internal control that we consider to be a control deficiency.

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.

**Prior Year Control Deficiency Pending Corrective Action:**

**Internal Controls**

- A. We again recommend a careful review and documentation of existing job functions to ensure proper segregation of duties and internal control procedures. Areas to be reviewed should include the following:
1. Segregation of the general ledger maintenance and the bank reconciliation process.

**(Prior Year Control Deficiency Pending Corrective Action) (Internal Controls) (Continued)**

2. Review of general journal entries throughout the year by an individual not responsible for general ledger maintenance.
3. Approval of bank transfers by the Board.
4. Review of QuickBooks audit change reports by an individual not responsible for general ledger maintenance.
5. Review of state and federal claim documentation prior to submission by someone other than the individual preparing the claim.
6. Timely completion of bank reconciliations.
7. Periodic testing of back-up data to ensure stored data is accessible.

**B.** The Agency has invested a significant amount of time into maintaining a parallel general ledger with separate accountability for the Agency operations from Airport operations. However, this effort was hampered during the year when the back-up process failed and the data entered could not be retrieved.

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

**Current Year Control Deficiencies:**

**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 \$15,140.

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

**Disbursements –**

During our review we noted two checks that were not included in the list of monthly invoices presented to the Board for review. However, supporting documentation for these transactions was available and reviewed at the time of audit. They were as follows:

<u>Check #</u>	<u>Vendor</u>	<u>Amount</u>
1563	Creative Living Spaces	\$3,330
1633	Pomeroy Appraisal Associates	\$1,700

We recommend a continued effort be made to ensure all disbursements are presented for Board review prior to payment.

**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:

**Recent Legislation –**

The Agency should continue their efforts to monitor compliance with the Public Authorities Accountability Act in the following areas:

- Formal training of Board members
- Separation of oversight and executive functions
- Guidelines governing the independence of Board members
- The organization and structure of the Board and its committees
- Establishment of audit/governance committees
- Establish a code of conduct

**Financial Overview of the Airport Fund –**

Current liabilities exceed current assets resulting in an unrestricted net asset deficit balance of (\$250,350) at December 31, 2007 which is an increase of \$19,143 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.

**Prior Year Recommendations:**

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

1. The status and collectibility of the Canandaigua Air Center receivable was reviewed with the Board during the year.
2. The OCIDA continues their efforts to implement and comply with the New York State Comptroller Compliance Review recommendations.
3. Management has developed procedures to monitor potential related party transactions.

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. Wagner, CPA P.C.*

April 17, 2008