

**ONTARIO COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
A Component Unit of Ontario County, New York**

**COMMUNICATING INTERNAL CONTROL
RELATED MATTERS IDENTIFIED IN AN AUDIT**

For Year Ended December 31, 2019

MENGEL METZGER BARR & CO. LLP

RAYMOND F. WAGER, CPA, P.C. DIVISION

MENGEL METZGER BARR & CO. LLP

RAYMOND F. WAGER, CPA, P.C. DIVISION

March 18, 2020

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

In planning and performing our audit of the financial statements of the Ontario County Industrial Development Agency, Ontario County, New York (the Agency) as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Ontario County Industrial Development Agency, Ontario County, New York'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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.

The Agency's responses to the deficiencies identified in our audit have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**To the Board Members
Ontario County Industrial Development Agency
Ontario County, New York**

Current Year Deficiency in Internal Control:

Cash-

During our examination of the Agency's bank deposits we noted that the Agency did not have a custodial agreement with one of its banks as required under its investment policy. As of December 31, 2019, the deposits in that bank were undercollateralized by \$152,597.

It is our understanding that management is working with the bank to get a custodial agreement in place as of the date of this report.

Management's Response -

This was immediately corrected upon discovery of the situation. Paperwork was completed and collateral is secured above any balance amount above the FDIC limit of \$250,000.

Other Item:

The following item is not considered to be a deficiency in internal control, however, we consider it an other item which we would like to communicate to you as follows:

Financial Overview of the Airport Fund -

As a result of Board action to forgive \$2,512,110 owed by the Airport Fund to the Agency's general operating fund, the Airport Fund reported a positive unrestricted net assets of \$29,980 as of December 31, 2019. However, the Airport's expenses for administration exceeded the operating and nonoperating income by \$246,670 during the same period.

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

Management's Response -

In addition to the significant additions slated to take place in 2020 as discussed in the IDA's MD&A, the IDA has begun reviewing some other major investments that could net the airport fund a sizable additional net revenue. Management continues to very closely monitor the operations of the airport and developing cash positive projects to improve its overall financial activity.

**To the Board Members
Ontario County Industrial Development Agency
Ontario County, New York**

Prior Year Recommendation:

We are pleased to report the following prior year recommendation has been implemented to our satisfaction:

1. For the purchases examined, which were not subject to competitive bidding, a sufficient number of vendor quotes were obtained, or exceptions were adequately documented and authorized.

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.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
March 18, 2020