

**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, 2017

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

RAYMOND F. WAGER, CPA, P.C.
Certified Public Accountants

February 27, 2018

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, 2017, 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 controls 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.

Prior Year Deficiencies Pending Corrective Action:

Amended Lease Agreement –

During 2014, the Agency amended and restated their payment-in-lieu-of-tax agreement as well as the lease agreement with Canandaigua Air Center, LLC (CAC). The Agency has tracked and identified certain items in the previous agreement which were disputed between the parties, however, the new agreement did not discuss the resolution to those items. The amended lease agreement has expired and CAC is no longer providing FBO services. However, the balances remain on the Agency's books.

We noted that management has set up an allowance for the full amount of these balances, however, if the balances are not expected to be collected, the Board should consider authorizing management to write them off.

Management's Response –

There is an allowance covering the full amount due from the former FBO and will be taken care of in 2018.

Fuel Sales/Purchases –

Management has recorded an allowance for doubtful accounts in the amount of \$23,060 against balances billed to customers for 2015 sales of AV Gas that remained uncollected as of December 31, 2017. If the balances are not expected to be collected, the Board should consider authorizing management to write them off.

Management's Response –

There was an attempt in 2017 to collect these past due amounts with no success. All of the unpaid balances are from the time when the infamous 'ledger book' system was used. The whole balance has an allowance against it and will be taken care of in 2018.

Current Year Deficiency in Internal Control:

Cash –

During the year the Senior Fiscal Manager was out on an extended leave. As a result, bank reconciliations for those months were not prepared timely.

We recommend every effort continue to be made to prepare and review monthly bank reconciliations on a timely basis.

Management's Response –

It was originally thought that the Senior Fiscal Manager would be able to log in from home to complete the task during the extended leave, however, because of the way QuickBooks is required to be set up, this was not possible. Management will secure an independent person, one that keeps the internal controls intact, to complete the bank reconciliations in the event of another extended leave by the Senior Fiscal Manager.

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 –

Current liabilities exceed current assets resulting in an unrestricted net position deficit balance of (\$1,948,730) at December 31, 2017 which is a decrease of \$221,139 from the prior year. The primary reason for this decrease is related to administrative expenses exceeding operating revenues and other capital assets purchased with local dollars.

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 –

There continues to be significant investment in developing the airport. While nearly all capital expenditures are grant related there is a local cost. The airport has approximately \$2.4 million in state grants that will require a \$240,000 match that is difficult to make up through airport operations. The IDA has signed a new FBO that will relieve some expenses previously incurred when it was the acting FBO and it is in the process of hiring a Manager of Strategic Assets that will reduce some expenses currently incurred by the airport while doubling the amount of effort in developing the grounds. All this being said, management is cognizant of the equity position of the Airport Fund and will closely monitor it.

Prior Year Recommendations:

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

1. The Agency is no longer collecting project inducement fees without an agreement which specifies the terms of how the balance is to be paid.
2. The Airport refueling operation was turned over to the new FBO beginning in July 2017.

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.

*

*

*

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



Rochester, New York
February 27, 2018