

ONTARIO COUNTY INDUSTRIAL DEVELOPMENT AGENCY

ONTARIO COUNTY, NEW YORK

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

For Year Ended December 31, 2014

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 3, 2015

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 as of and for the year ended December 31, 2014, 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 OCIDA'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 Deficiency Pending Corrective Action:

Project Benefited Amount –

The IDA completes a detailed worksheet identifying the components of the project benefited amounts. In order to ensure the Board has a clear understanding of the items included in the "project benefited" amounts the IDA Board should review and approve the detailed worksheet identifying the components of the calculation before the final documents are executed.

Management's Response –

Management has reviewed and concluded that required information could be captured in a different manner that will require an amended application. The County is updating its economic strategic plan this year the results of which will dictate the IDA's direction and in all likelihood require changes to the current UTEP and application. For 2015, management will provide the Board with information detailing components of the benefited amount.

Current Year Deficiency in Internal Control:

Amended Lease Agreement –

During the year, the Agency amended and restated their payment-in-lieu-of-tax agreement as well as the lease agreement that was in place with Canandaigua Air Center, LLC. This agreement discussed several items to be paid as certain benchmarks are achieved, however, those items were not addressed until the beginning of our audit. In addition, 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.

We recommend the Agency clearly identify and develop an implementation strategy for all financial benchmarks in lease agreements upon the implementation of the agreement. In addition, management should follow up and propose specific action to be taken on the prior years disputed items.

Management's Response –

Management will work with its airport consultants to develop identifiers that will ensure lease benchmarks are met and properly compensated for.

Other Items:

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

Project Inducement Fee –

The Agency Board approved a project inducement fee totaling \$136,000 over a period of time, however, the Agency did not identify specific due dates of these amounts in order to properly monitor the timeliness of the payments. Although the Agency received a \$36,000 payment in January 2014, there has not been a subsequent payment received as of the date of this report.

We recommend a continued effort by the Agency to establish a specific payment schedule in order to monitor the timeliness of the payments.

Management's Response –

To date, two of the five payments have been received which fairly represents completion of the overall project. It is expected that the project will commence this year as planned and that the full amount will be received as agreed to. Management will continue to keep the Board apprised of the project and alert them of any anticipated further delays.

Financial Overview of the Airport Fund –

Current liabilities exceed current assets resulting in an unrestricted net position deficit balance of (\$1,291,821) at December 31, 2014 which is an increase of \$710,694 from the prior year. The primary reason for this increase is related to the lease purchase agreement 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 –

Management worked closely with the Airport Committee this past year and has taken steps to increase the overall viability of the airport. In 2015, the airport is installing a new Jet-a fueling facility that is an absolute necessity in developing the airport. Management has been meeting frequently with companies that have significant interest in developing property on the airport grounds.

Prior Year Recommendation:

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

1. The Agency received authorization for a budget amendment and payment for outstanding receivables that did not have prior authorization.

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. Wages, CPA, PC

March 3, 2015