

**LIVINGSTON COUNTY INDUSTRIAL
DEVELOPMENT AGENCY**
(A Discretely Presented Component Unit
of the County of Livingston, New York)

**Communication of Matters Related to Internal Control
Over Financial Reporting and Other Matters
March 1, 2019**

March 1, 2019

To the Board of Directors of the
Livingston County Industrial Development Agency:

In planning and performing our audit of the financial statements of the business-type activities of the Livingston County Industrial Development Agency (the Agency), a discretely presented component unit of the County of Livingston, New York, as of and for the year ended December 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Agency'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 opinion 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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. 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.

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

171 Sully's Trail
Pittsford, New York 14534
p (585) 381-1000
f (585) 381-3131

www.bonadio.com

**LIVINGSTON COUNTY INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the County of Livingston, New York)**

**COMMUNICATION OF MATTERS RELATED TO INTERNAL CONTROL OVER FINANCIAL
REPORTING AND OTHER MATTERS
MARCH 1, 2019**

OTHER MATTERS FOR THE CONSIDERATION OF MANAGEMENT

1. NET POSITION POLICY

Observation

We noted that the Agency does not have a policy establishing the use of net position. In addition, there is currently no policy for a minimum net position.

Recommendation

Local government accounting policies should determine whether to first apply restricted or unrestricted resources when an expenditure is incurred for which both restricted and unrestricted net position is available; the default policy is that resources are first spent from the highest constraint level available. We recommend that the Agency establish a policy regarding the use of resources. In addition, we recommend that the Agency establish a policy for the minimum unrestricted net position to be maintained and include guidance in the policy for how resources will be directed to replenish net position should the balance fall below the level prescribed.

2. ACKNOWLEDGEMENT OF FIDUCIARY DUTIES

Observation

We noted that the Board Members who were new to the Agency in the current year did not sign the Acknowledgement of Fiduciary Duties at the time that they took the oath of office.

Recommendation

Section 6(i) of Public Authorities Law, as amended by Chapter 506 of the Laws of 2009 ("The 2009 Public Authorities Reform Act" or "PARA"), requires the Authorities Budget Office (ABO) to "develop and issue" a written acknowledgement that all board members must execute as part of their duties and responsibilities under Section 2824 of Public Authorities Law. By signing this acknowledgement, a board member is stating "that he or she understands his or her role and fiduciary responsibilities" as well as his or her "duty of loyalty and care to the organization and commitment to the authority's mission and the public interest." Pursuant to PARA, every board member of a Public Authority is required to sign an acknowledgement of fiduciary duty at the time he or she takes the oath of office. The effectiveness of the acknowledgement will be deemed applicable throughout the duration of such board member's term and/or for as long as such director continues to serve in such capacity. We recommend that the Agency's new board members sign and submit these forms to the Agency as soon as possible.

3. QUICKBOOKS

Observation

We noted that the Agency maintains the QuickBooks file on one computer with one user login used by all staff.

Recommendation

We recommend that the Agency set up multiple users in QuickBooks so that each staff person with access to QuickBooks has a separate login.

4. BANK RECONCILIATIONS

Observation

We noted that the staff assigned to the Agency complete the monthly bank reconciliations, but they are not reviewed.

Recommendation

We recommend that the Agency complete the bank reconciliations and determine the best approach to ensuring someone independent of the bank reconciliation preparation is reviewing the completed reconciliations.