LIVINGSTON COUNTY DEVELOPMENT CORPORATION

(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

Bonadio & Co., LLP
Certified Public Accountants

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To the Board of Directors of the
Livingston County Development Corporation:

In planning and performing our audit of the financial statements of the business-type activities of the Livingston County Development Corporation (the Corporation), 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 Corporation'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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 Corporation, and is not intended to be, and should not be, used by anyone other than these specified parties.

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OTHER MATTERS FOR THE CONSIDERATION OF MANAGEMENT

1. ACKNOWLEDGEMENT OF FIDUCIARY DUTIES

Observation
We noted that the Board Members who were new to the Corporation 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 Corporation's new board members sign and submit these forms to the Corporation as soon as possible.

2. QUICKBOOKS

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

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

3. BANK RECONCILIATIONS

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

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