

Cayuga County Development Corporation FY 2018 AUDIT

AUDIT MANAGEMENT LETTER

March 21, 2019

To the Members of Management of
Cayuga County Development Corporation

In planning and performing our audit of the basic financial statements of Cayuga County Development Corporation (the Corporation), a blended component unit of the County of Cayuga, New York (the County) as of and for the year ended December 31, 2018, we considered the Corporation's compliance with New York State Public Authorities Law and accuracy of supporting documentation in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements.

During our audit, we became aware of several matters that are opportunities for strengthening compliance to applicable law and accuracy of supporting documentation. This letter does not affect our report dated March 21, 2019 on the basic financial statements of the Corporation.

We have already discussed many of these comments and suggestions with various Corporation personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This letter is intended solely for the information and use of the Board of Cayuga County Development Corporation and management, and is not intended to be and should not be used by anyone other than these specified parties.

Bonadio & Co., LLP

432 North Franklin Street, #60
Syracuse, New York 13204
p (315) 476-4004
f (315) 254-2384

www.bonadio.com

1. Observation:

The Corporation did not review and readopt their current investment policy, on an annual basis, as prescribed by Section 2925 of the New York State Public Authorities Law.

Recommendation:

The investment guidelines/policies should be reviewed by the Corporation annually and subsequently approved. Documentation should be retained to demonstrate evidence of this process through the form of board minutes and/or resolution.

2. Observation:

The subsidiary ledgers and schedules associated with loans receivable did not reconcile to the general ledger nor did they accurately reflect transactions that occurred during the year and balances that existed at year end. Although no adjustments were necessary to the general ledger for proper reporting in accordance with generally accepted accounting principles, there is potential for error when the subsidiary ledgers and schedules.

Recommendation:

We recommend that the subsidiary ledgers and schedules associated with loans receivable reconcile to the general ledger and accurately reflect transactions that occur during the year and balances that existed at year end.

3. Observation:

Upon review of revenues and expenses for the fiscal year ending December 31, 2018, and projections of future revenues and expenses for the fiscal year ending December 31, 2019, it appears that operational expenses exceed revenue generated from the interest charged to borrowers and application fees. As a result, portions of the loan base are being used to fund annual operational costs.

Recommendation:

We recommend both management and the board review financial data and ensure consideration is given to such facts as described above. Management and/or the board should consider further consulting with Cayuga County and/or other 3rd parties to ensure any applicable compliance requirements associated with the loan base amounts are met.