

**COUNTY OF MONROE  
INDUSTRIAL DEVELOPMENT AGENCY  
(A Discretely Presented Component Unit  
of the County of Monroe, New York)**

**Communications of Matters  
Related to Internal Control  
Over Financial Reporting  
and Other Matters  
May 2008**

May 2008

To the Board of Directors of  
County of Monroe Industrial Development Agency (a Discretely Presented  
Component Unit of the County of Monroe, New York):

In planning and performing our audit of the financial statements of County of Monroe Industrial Development Agency (a Discretely Presented Component Unit of the County of Monroe, New York), the Agency, as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management, the Audit Committee, 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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**COMMUNICATIONS OF MATTERS RELATED TO INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND OTHER MATTERS  
MAY 2008**

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We have identified the following control deficiencies that we consider to be neither significant deficiencies nor material weaknesses:

**1. PROCEDURES MANUAL**

**Observation**

The Agency does not have a comprehensive accounting policies and procedures manual. A manual of this nature is critical in assisting management in the event of employee turnover, extended illness, or other unplanned circumstances that could result in key financial personnel being unavailable.

**Recommendation**

We recommend that management begin to develop an accounting policies and procedures manual during the next fiscal year. The manual should include information necessary to enable an individual with the requisite skills to complete the day-to-day responsibilities of key financial personnel with little supervision. Examples of items to include would be daily, weekly and monthly operational functions as well as specific reporting responsibilities. The manual should include the nature and purpose of each balance sheet account and the tools necessary to complete the monthly closing and reconciliation process.

**2. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)**

**Observation**

The Agency currently does not consistently record accounting transactions during the year in accordance with GAAP, which requires the use of the accrual method of accounting. Under the accrual method of accounting, expenses are recorded in the period that they occur, regardless of the time the disbursement is made. We assisted management at year-end in identifying and adjusting the necessary accounts and management has reviewed and acknowledged their understanding of the items noted.

**Recommendation**

We recommend that the Agency establish periodic closing checklists to be used by management in closing the internal books and records. These checklists will identify those activities that should occur during the respective period to help ensure that all transactions are reported in accordance with GAAP. Additionally, this will allow the Board to make decisions based on complete and accurate financial information respective of the period for which it is reported.