



*An Independent Member of the BDO Alliance USA*

**MANAGEMENT COMMENT LETTER**

March 8, 2021

To the Members of  
Orange County Industrial Development Agency  
New Windsor, New York

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Orange County Industrial Development Agency as of December 31, 2020 and 2019 and for the years ended, we considered the Orange County Industrial Development 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Orange County Industrial Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Orange County Industrial Development Agency's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weakness.

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 *significant* deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. As a result of our audit procedures performed in the current year, we were not aware of any material weaknesses or significant deficiencies. However, we would like to provide an update on a prior year material weakness.

## STATUS OF PRIOR YEARS COMMENTS

### **Accounting for Unusual or Complex Transactions - Significant Deficiency (2019)**

Observation: During the prior year's audit, we reviewed significant expenses connected to a project with the Warwick Valley Local Development Corporation (WVLDC). The project received a grant from Economic State Development (ESD). As a result of the grant obtained through ESD, WVLDC entered into an agreement with the Agency that would reimburse the Agency for the project costs incurred, up to \$1.5 million. As of December 31, 2019, the Agency incurred \$1,493,819 in project expenses. However, there was no receivable recorded on December 31, 2019 to net the expense to \$0. Without the proper year-end receivable recorded, the financial position of the Agency would not have been materially accurate.

Recommendation: We recommend that those involved in the accounting and financial reporting processes need to be made aware of unusual/complex transactions that the Organization infrequently engages so they can properly account for the impact of the unusual/complex transactions.

Status: The recommendation has been implemented at this time.

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

Very truly yours,

*Judelson, Giordano & Siegel, CPA, PC*

**JUDLESON, GIORDANO & SIEGEL, CPA, PC**  
Middletown, New York  
March 8, 2021