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MANAGEMENT COMMENT LETTER

March 1, 2018

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, 2017 and 2016 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.

PRIOR YEAR COMMENT - 2016

Records Maintained on both Cash and Accrual Basis - Material Weakness

Observation: During the audit, we noted that client rent revenue on the Orange County Business Accelerator were initially recognized on an accrual basis and converted to cash basis in April when the external CPA took over bookkeeping responsibilities. To streamline the process, the external CPA requested deposit information and recognized revenues when they were received, rather than when rent revenue was earned. The records were subsequently reviewed at year end, with adjusting journal entries recorded to ensure balances reported on accrual basis at December 31, 2016.

Recommendation: We recommended that management re-evaluate the process of how clients' at the Business Accelerator are invoiced for monthly rent and how those transactions are being recorded in the accounting records. Based on the decentralization of accounting procedures performed, we recommended that the accounting system be evaluated for an option that can be useful to users both on and offsite.

Status: In the current year, the Agency moved their accounting systems to a cloud-based product that allows for on and offsite access. The accounting system has been setup to automatically invoice clients for rent on a monthly basis. The material weakness has been resolved and no longer exists at the end of the December 31, 2017.

OTHER FINDINGS

During the current year's audit, we noted that there were no year-end adjustments for receivables and payables outstanding at December 31, 2017, along with other adjustments for prepaid expenses, depreciation and accruals. We have communicated the nature of the adjusting journal entries and our observation as to why they were not completed. We do not see this as a significant deficiency or material weakness, but, believe it deserved the attention of Management and Governance to ensure it is corrected in the subsequent year.

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, Sindaro & Siegel, CPA, PC

March 1, 2018