

COUNTY OF OTSEGO  
INDUSTRIAL DEVELOPMENT AGENCY

REPORT TO THE BOARD

Year ended December 31, 2014

4 Associate Drive  
Oneonta, New York 13820  
Phone: (607) 432-8700  
Fax: (607) 432-5122  
www.mmscpas.com



**MOSTERT, MANZANERO & SCOTT, LLP**  
*Certified Public Accountants*

Deborah L. Mostert, CPA  
Anthony T. Manzanero, CPA  
Dennis J. Scott, CPA

March 30, 2015

Board of Directors  
County of Otsego Industrial Development Agency  
Oneonta, New York

Dear Members of the Board:

We are pleased to present the results of our audit of the financial statements of the County of Otsego Industrial Development Agency ("COIDA") for the year ended December 31, 2014.

Our audit plan for the 2014 audit included a commitment to understand and deliver on management's expectations. Our approach to the audit was designed to combine a historical perspective with a focus on COIDA's industry and current emerging governmental issues.

This report to the Board of Directors summarizes our audit process, the scope of our engagement, the reports issued and various observations related to COIDA's financial position and results of operations. The document also reviews the Board of Directors communications required by our professional standards, as well as current accounting issues that will affect COIDA.

The completion of this year's audit was accomplished through the effective support and the assistance of COIDA's personnel. As always, we strive to continually improve the quality of our audit services.

We appreciate the opportunity to serve you. If you have any questions or comments, please call us at (607) 432-8700.

Sincerely,

A handwritten signature in black ink that reads "Mostert, Manzanero &amp; Scott, LLP". The signature is written in a cursive, professional style.

Mostert, Manzanero & Scott, LLP

## *CONTENTS*

	<u>Page</u>
Summary of What We Agreed To Do	1
Required Communications	2 – 4
Management Letter	5 – 6

## *SUMMARY OF WHAT WE AGREED TO DO*

### **Our Approach**

As communicated to the board of directors and management in our planning letter dated November 3, 2014, our audit plan represented an approach responsive to the assessment of risk of COIDA. Specifically, we designed our audit to:

- Issue an opinion on the financial statements of COIDA for the year ended December 31, 2014.
- Issue a management letter to the Board of Directors and management.
- Issue an Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

### **Areas of Audit Emphasis**

The principal areas of audit emphasis were as follows:

- Revenue and related receivables;
- Accounts payable and accrued expenses;
- Audit risk assessment; and
- Related party activity.

There were no changes to our planned approach or areas of audit emphasis.

## *REQUIRED COMMUNICATIONS*

Board of Directors  
County of Otsego Industrial Development Agency  
Oneonta, New York

We have audited the financial statements of the County of Otsego Industrial Development Agency (“COIDA”) for the year ended December 31, 2014, and have issued our report thereon dated March 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 3, 2014. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by COIDA are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by COIDA during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are in integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Management’s estimate of the building and land received from OCDC was based on an appraisal. We evaluated the key factors and assumptions used to develop the impairment loss in determining that it is reasonable in relation to the financial statements taken as a whole.

Management’s estimate of allowance for bad debts was based on estimated uncollectible amounts of the loans receivable balances at December 31, 2014.

The financial statement disclosures are neutral, consistent and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material either individually or in the aggregate to the financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements, or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated March 30, 2015.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to COIDA's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as COIDA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### *Other Matters*

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of the County of Otsego Industrial Development Agency and is not intended to be and should not be used by anyone other than these specified parties.

*Mistert, Manzanero & Scott, LLP*

Oneonta, New York  
March 30, 2015

## *MANAGEMENT LETTER*

County of Otsego Industrial Development Agency  
Oneonta, New York

In planning and performing our audit of the financial statements of the County of Otsego Industrial Development Agency (“COIDA”) for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered COIDA’s internal control over financial reporting (internal control) as a basis for designing our 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 COIDA’s internal control. Accordingly, we do not express an opinion on the effectiveness of COIDA’s internal control.

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 or significant deficiencies. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, material weaknesses may exist that have not been identified.

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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

### General Comments

We prepared several adjusting journal entries to adjust balance sheet accounts and to reclass amounts to proper general ledger accounts. We recommend that a review of the general ledger accounts be done throughout the year to ensure proper postings with the help of an outside accounting firm and consultant. This would minimize changes to your year end financial statements.

We noted during the audit that COIDA was not keeping employee files with the property withholding and authorization forms for payroll. We recommend going forward that an up-to-date employee file be kept with all required forms for all employees.

During our audit we noted that COIDA had overpaid several insurance policies, which resulted in a net overpayment of approximately \$831 at year-end. These overpayments appear to arise from the payment of duplicate invoices received from the insurance company. For example, policy number PHSD942218 was paid on both June 5, 2014 with check number 3614 and was again paid from a separate invoice on June 12, 2014 with check number 3623. This resulted in an overpayment of the policy. We recommend that when invoices are received, especially when multiple invoices are received from the same vendor, they be examined and compared to each other and/or prior invoices to ensure that the proper amounts are paid. This will not only safeguard COIDA’s assets, but will aid in making the monthly financial statements a meaningful analytical tool.

This information is intended solely for the use of the Board of Directors and management of the County of Otsego Industrial Development Agency and is not intended to be and should not be used by anyone other than these specified parties.

*Mistert, Manzanero & Scott, LLP*

Oneonta, New York  
March 30, 2015