

March 11, 2020

To the Members of Management of
Finger Lakes Regional Land Bank Corporation

In planning and performing our audit of the basic financial statements of Finger Lakes Regional Land Bank Corporation (the Corporation), a blended component unit of the County of Seneca, New York (the County) as of and for the year ended December 31, 2019, we considered the Corporation's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control.

During our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated March 9, 2020 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 Finger Lakes Regional Land Bank Corporation and management, and is not intended to be and should not be used by anyone other than these specified parties.

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

www.bonadio.com

1. Observation:

The Corporation's current internal controls do not require the development of a budget within a reasonable time before the fiscal year begins. An accurate documented budget will allow management to identify problems and ensure timely and appropriate resolutions. Furthermore, pursuant to Section 2801 of Public Authorities Law, public authorities are required to submit a budget report 60 days prior to the start of the fiscal year. The Corporation failed to satisfy this requirement and did not submit a 2020 fiscal year end budget report by November 1, 2019.

Recommendation:

We recommend that the Corporation review its policies and procedures related to the budgeting process to ensure budgets are completed timely and ensure a budget report is submitted in accordance with Section 2801 of Public Authorities Law.

2. Observation:

A formally documented evaluation of inventory for potential impairment was not conducted for the year ended December 31, 2019.

Recommendation:

We recommend that the Corporation ensure a formal process is in place for the determination of market values of properties held in inventory at the end of each year and the inventory assets be evaluated for any potential impairment, and that this process is adequately documented.

3. Observation:

Separate bank accounts are maintained for each of the Corporation's different funding sources, which is the primary method for tracking the use of grant funds and reporting financial information to grantors. However, there is no process currently in place to reconcile these account balances to the related deferred revenue accounts.

Recommendation:

We recommend that the Corporation put into place a process as part of monthly bank reconciliations, to ensure that these accounts are reconciled to the related deferred revenue accounts. This will assist in ensuring proper reconciliation between grant reporting and the general ledger, as well as proper recognition of grant revenue.

4. Observation:

Formal documentation for the reconciliation between financial grant reports and the general ledger is not retained.

Recommendation:

We recommend that the Corporation put into place a formal process for financial grant reporting to ensure the reconciliation to the general ledger is completed and documented.

5. Observation:

Grant budgets drive the allowability of related expenditures and may be modified throughout the performance of the grants, as allowed via approval by grantors. Currently, there is not a formal process in place to ensure documentation of the approval of these modifications is retained.

Recommendation:

We recommend that the Corporation put into place a formal process for retaining documentation supporting the approval of grant budget modifications.