

**TOWN OF VICTOR,
ONTARIO COUNTY, NEW YORK**

**Communication of Matter Related to Internal Control
Over Financial Reporting
May 7, 2014**

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To the Town Board of the
Town of Victor, Ontario County, New York:

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Victor, Ontario County, New York (the Town) as of and for the year ended December 31, 2013, in accordance with auditing standards generally accepted in the United States, we considered the Town's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. However, as discussed on the following page, we identified a certain deficiency 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 *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.

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

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TOWN OF VICTOR, ONTARIO COUNTY, NEW YORK

COMMUNICATION OF MATTER RELATED TO INTERNAL CONTROL OVER FINANCIAL REPORTING MAY 7, 2014

INTERNAL CONTROL RELATED MATTER

We have identified the following deficiency in internal control that we consider to be a *material weakness*:

1. CAPITAL ASSETS

Observation

The Town continued to use a manual Microsoft Excel file to record all capital assets during 2013. We noted that this Excel file is not the most effective means of tracking capital assets accurately.

Recommendation

We continue to recommend that the Town convert to a software program designed to accumulate asset cost and calculate depreciation expense. Ideally, such a system will be integrated with the Town's financial reporting system. This will eliminate a significant amount of manual record-keeping duties, make operations more efficient, and provide more accurate information with which to make business decisions regarding capital assets. We also recommend that the Town updates its capital asset records by reviewing all assets held by the Town's departments and by comparing those assets against the current insurance records to ensure all assets are appropriately identified and insured. We understand that the Town is planning to implement this recommendation in 2014.

We have identified the following that we consider to be a *deficiency in internal controls*:

2. ENGINEERING FEES AND CHARGEBACKS

Observation

The Town currently uses QuickBooks to record billings for engineering fees and chargebacks. However, all other Town financial information is, or will be, recorded using KVS Information System (KVS). Having a separate financial system to record a portion of the Town's operations is unnecessary, and has the potential to cause errors in the Town's financial records.

Recommendation

We recommend that the Town record all financial information using the Town's financial reporting system, KVS. KVS includes a billing and receivables module which would be appropriate for recording this type of activity. Bringing all of the Town's financial information into one financial reporting system ensures the Board is receiving all relevant transactional data of the Town.