

May 22, 2020

To the County Legislature of
County of Monroe, New York:

We have audited 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 County of Monroe, New York (the County) for the year ended December 31, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, 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 22, 2019. Professional standards also require that we communicate to you the following information related to our audit.

SIGNIFICANT AUDIT MATTERS

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements.

GASB Statement No. 84 Fiduciary Activities was adopted in 2019. Statement No. 84 addresses criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The new accounting pronouncement also led to the restatement of beginning net position and is described in Note 1P.

We noted no transactions entered into by the County 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.

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Accounting estimates are an 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. The most sensitive estimates affecting the County's financial statements were:

- ***Management's estimate of the other postemployment benefits is based on actuarial assumptions applied to the County's census data on a biennial basis, unless significant changes in the census or plan occur. We evaluated the key factors and assumptions used to develop the other postemployment benefits in determining that it is reasonable in relation to the financial statements taken as a whole.***
- ***Management's estimate of the allowance for uncollectible accounts is based on management's assessment of those accounts that are potentially uncollectible due to various factors such as bankruptcies, tax certiorari, payment history, etc. and a percentage based on trend analysis. We evaluated the key factors and assumptions used to develop the allowance of uncollectible accounts in determining that it is reasonable in relation to the financial statements taken as a whole.***
- ***Management's estimate of depreciation expense is based on the useful lives of the various assets of the County with the application of the straight-line method of depreciating those assets over their useful lives. We evaluated the key factors and assumptions used to develop depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.***
- ***The estimate of the net pension asset (liability) and related deferred inflows/outflows of resources is based on actuarial assumptions utilized by the NYS Pension Plans' actuary and applied to the Plans' census information.***

We evaluated the key factors and assumptions used to develop each estimate in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

- ***Note 12 discloses the pertinent information related to the County's net pension obligations for its employees.***
- ***Note 13 discloses the pertinent information related to the County's other postemployment benefits it provides to retirees.***

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 clearly trivial, and communicate them to the appropriate level of management.

Uncorrected misstatements were identified relating to prior year and future year expenses as noted below.

- | | |
|---|-----------|
| a) Capital project expenditures recorded in 2019, but related to 2018 | \$653,367 |
| b) Capital project expenditures recorded in 2019, but related to 2020 | \$87,400 |

Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit.

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 auditor's 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 May 22, 2020.

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 the County'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 the County'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

We applied certain limited procedures to the management’s discussion and analysis, budgetary comparison schedule – general fund, and the schedules of changes in total other postemployment benefit liability and related ratios, contributions, and proportionate share of the net pension liability (asset) which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining non-major fund financial statements, the combining special revenue fund financial statements, the combining internal service fund financial statements, the schedule of expenditures of federal awards, and the schedule of state transportation assistance expended, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, 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.

Restriction on Use

This information is intended solely for the use of the County Legislature and management of the County and is not intended to be and should not be used by anyone other than these specified parties.

