

April 15, 2019

CONFIDENTIAL

The Board of Directors
Niagara Falls Water Board

Dear Board Members:

We have completed our audit of the financial statements of the Niagara Falls Water Board (the Board) for the year ended December 31, 2018. Considering the test character of our audit, you will appreciate that reliance must be placed on adequate methods of internal control as your principal safeguard against irregularities which a test examination may not disclose.

This report is intended solely for the information and use of the Board of Directors, management and others within the Board.

We now present for your consideration our comments and recommendations based upon observations made during our audit.

Disaster Recovery Plan

During our audit, we noted that there was no disaster recovery plan to provide a comprehensive method for the restoration of operations or an alternate processing location if needed.

The lack of a comprehensive plan and a more frequent backup of the Board's data could likely result in lost information and inefficiencies in restoring Board operations in the event of a disaster. We recommended that the Board review its backup process to minimize the potential loss of information and develop a comprehensive plan for restoration of Board information systems in the event of a disaster.

Previous Recommendations

We reviewed the disposition of recommendations included in our letter dated April 23, 2018. The following is a summary of the action taken by the Board with regard to our recommendations.

Monthly Financial Close - During the course of the 2017 audit, it was noted that internal financial reports were not prepared for the Board on a monthly basis. Significant adjustments were made at year-end by management that were not reflected in internally prepared financial reports throughout the year. In 2018, monthly budget to actual and uses were prepared for the Board meetings. These included month end journal entries to properly reflect financial activity. This comment is considered cleared.

Plant Fund General Ledger - The Board does not maintain adequate accounting records for the plant fund. No general ledger or supporting cash receipts or cash disbursement journals were maintained. In order to properly account for transactions and prepare accurate financial statements, we recommended that the Board maintain a general ledger and cash receipts and cash disbursement journals for the plant fund similar to how the other funds are maintained. Management will continue to develop these procedures.

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We take this opportunity to thank the staff of the Niagara Falls Water Board for the courtesy and cooperation extended to us during the audit. If you have any questions regarding the foregoing comments or wish any assistance in their implementation, please contact us at your convenience.

Very truly yours,

EFPR Group, CPAs, PLLC

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