

CUDDY & WARD, LLP

Certified Public Accountants

110 GENESEE STREET – SUITE 230

AUBURN, NEW YORK 13021

PHONE 315-253-8424 FAX 315-253-8458

www.cuddyandwardcpa.com

PAUL L. CUDDY, CPA

RICHARD D. WARD, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Cayuga County Industrial Development Agency
Auburn, New York

We have audited the financial statements of the Cayuga County Industrial Development Agency as of and for the year ended December 31, 2011, and have issued our report thereon dated March 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cayuga County Industrial Development Agency's internal control over financial reporting as a basis for designing our auditing procedures 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 Company's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control over financial reporting.

A deficiency in internal controls 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 misstatements on a timely basis. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Company's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cayuga County Industrial Development Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to the management of Cayuga County Industrial Development Agency in a separate letter dated March 20, 2012.

This report is intended solely for the information and use of the audit committee, Board of Directors, management and federal awarding agencies and pass-through entities and is not intended to be, and should not be used by, anyone other than these specified parties.

Respectfully submitted,

Cuddy & Ward, LLP

CUDDY & WARD, LLP
Certified Public Accountants

Auburn, New York
March 20, 2012