

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

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

In planning and performing our audit of the financial statements of Cayuga County Industrial Development Agency as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 below, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

We would like to take this opportunity to thank the bookkeeper for her cooperation with us during the course of our examination. If we can be of further assistance, please contact us at your convenience.

Respectfully Submitted,

Cuddy & Ward, LLP

CUDDY & WARD, LLP
Certified Public Accountants
Auburn, New York

March 20, 2012
Auburn, New York

Cayuga County Industrial Development Agency, Inc.
Memorandum of Significant Deficiencies
December 31, 2011

1. Preparation of Financial Statements.

Under current accounting standards, it is considered an internal control deficiency if the Organization cannot prepare its financial statements, including full footnote disclosures. Currently, the Organization does not have staff with the expertise to prepare the financial statements. The Organization is aware of this issue and feels that it is not cost effective to have this control in place and will continue to rely on the auditor prepared financial statements.

2. Bank statements reconciled with trial balance.

During our audit, we noted that the bank statements were reconciled to the check register. It is our recommendation that the organization perform the bank reconciliations monthly to the trial balance in the QuickBooks software.

3. Billing for PILOT arrangements.

During our audit, we determined that outstanding PILOT payments had not been properly tracked during the year. We recommend that billing for PILOT payments should be done through the Quickbooks software so that unpaid invoices will be more easily recognizable and collections can be made.

4. Reconciliation of PILOT arrangements.

During our audit, we noted that there is no process in place to ensure that PILOT payments collected equal payments out to municipalities. It is our recommendation that the Organization implement procedures to ensure proper payments, as well as to ensure accurate and complete data on the PARIS forms.