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To 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, 2016, 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 (internal control) as a basis for designing audit procedures that are appropriate in the circumstances 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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control 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 a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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

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Auburn, New York

Cayuga County Industrial Development Agency, Inc.
Memorandum of Significant Deficiencies
December 31, 2016

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. Offsite Data Storage

During our audit, it was noted that the organization currently does not have an off-site back up for its vital data. Without an off-site back up, any loss of the on site original data files would cause a significant interruption of the business activities and potentially leading to a substantial expense. We recommend that back-ups be performed at least monthly and preferably daily and stored in an off-site secure location to prevent a major loss of data due to unforeseen circumstances. Adequate and reliable backup systems of IT information are critically important to ensure that business operations can continue on an uninterrupted basis.

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February 7, 2017

To the Board of Directors
Cayuga County Industrial Development Agency
2 State Street
Auburn, New York 13021

We have audited the financial statements of Cayuga County Industrial Development Agency for the year ended December 31, 2016, and have issued our report thereon dated February 7, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *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 December 29, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Cayuga County Industrial Development Agency are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by the Organization 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.

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 estimate(s) affecting the financial statements was:

Management's estimate of the Deferred revenue is based on timing of grant expenditures. We evaluated the key factors and assumptions used to develop the deferred revenue in determining that it is reasonable in relation to the financial statements taken as a whole.

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 misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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 February 7, 2017.

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 Organization'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 Organization'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

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, 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.

This information is intended solely for the use of the Board of Directors of Cayuga County Industrial Development Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Cuddy & Ward, LLP
Certified Public Accountants