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Certified Public Accountants and Consultants

Frederick J. Ciaschi, C.P.A.

MANAGEMENT COMMENT LETTER

Board of Directors
Tompkins County
Industrial Development Agency
Ithaca, New York

In planning and performing our audit of the financial statements of the business-type activities of Tompkins County Industrial Development Agency (the Agency) and its blended component unit, Tompkins County Development Corporation, as of and for the year ended December 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered Tompkins 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Tompkins County Industrial Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Tompkins County Industrial Development Agency's internal control. The Agency is a component unit of County of Tompkins, New York.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

However, during our audit, we became aware of certain matters which present opportunities for strengthening internal controls and operating efficiency.

OTHER MATTERS

Prior Year Finding - Resolved

Cash Deposits in Excess of Federally Insured Limits

Finding:

During our prior year audit, we noted the *Investment and Deposit Policy* of the Tompkins County Development Corporation, component unit of the Agency, requires bank deposits to be collateralized. Under Section C.1., *Collateralization of Deposits*, the policy states all deposits of the Corporation in excess of the amount insured under the provision of the Federal Deposit Insurance Act shall be secured by "eligible securities," an "eligible irrevocable letter of credit," or an "eligible surety bond." The Corporation does not currently have a collateral agreement with its banking institution. At December 31, 2013, bank deposits exceeded federal insured limits by \$236,655.

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Resolution:

A custodial agreement with Tompkins Trust Company was signed on March 4, 2014. At year-end, bank deposits exceeding federal insured limits were sufficiently covered by collateral securities.

Discussion Item

Public Authority Accountability Act of 2005 - Independence

At the recommendation of the Agency's attorney and guidance issued by the Authority Budget Office in its Policy Guidance Memorandum 07-01, the Agency amended its by-laws to limit the number of County Legislators from four to three. The County has chosen not to adhere to this amendment and continued to appoint four Legislators. Research by Agency and County attorneys revealed the County is not legally obligated to adhere to the Agency's by-laws, although the County has a history of adopting such changes in the past. Currently, the Agency is not in compliance with the Authority Budget Office Policy Guidance Memorandum 07-01.

This communication is intended solely for the information and use of management, the Board of Directors, Audit Committee, New York State, and others within the Agency, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Lisa Dietershagen, Little, Minkler & Company LLP". The signature is written in black ink and is positioned above the date and location information.

March 25, 2015
Ithaca, New York