

**SENECA COUNTY ECONOMIC
DEVELOPMENT CORPORATION**

NEW YORK

**COMMUNICATING INTERNAL CONTROL
RELATED MATTERS IDENTIFIED IN AN AUDIT**

For Year Ended December 31, 2010

Raymond F. Wager, CPA, P.C.
Certified Public Accountants

Shareholders:

Raymond F. Wager, CPA
Thomas J. Lauffer, CPA
Thomas C. Zuber, CPA

Members of
American Institute of
Certified Public Accountants
and
New York State Society of
Certified Public Accountants

March 2, 2011

To the Board of Directors
Seneca County Economic
Development Corporation, New York

In planning and performing our audit of the financial statements of the Seneca County Economic Development Corporation, New York as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the Seneca County Economic Development Corporation, New York's internal control over financial reporting (internal control) 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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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 Corporation'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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above

Prior Year Deficiencies Pending Corrective Action:

General Ledger Control –

As part of our audit we proposed journal entries which were accepted and posted by the EDC.

We recommend every effort continue to be made to ensure all required journal entries are recorded by the EDC prior to the commencement of the audit.

(Prior Year Deficiencies Pending Corrective Action) (Continued)

1099 Reporting –

The Corporation paid various vendors for services provided in relation to the Main Street Program in excess of \$600, however, the EDC did not issue an IRS Form 1099 to those vendors.

We recommend the Corporation request a W-9 from all vendors paid through the accounting system for services received in order to determine which vendors are required to receive an IRS Form 1099.

Prior Year Recommendation:

We are pleased to report that the following prior year recommendation has been implemented to our satisfaction:

1. The EDC has taken several steps to improve internal accounting controls with regard to segregation of duties. Some of the more significant enhancements include designating a Chief Financial Officer to perform the following:
 - a. Monthly review of bank reconciliations
 - b. Monthly review of trial balances and general ledger accounting
 - c. Provide monthly reporting to the EDC Board
 - d. Review Paris reporting to New York State

In addition, general ledger maintenance has been segregated from both the receipt/deposit function and preparation of voucher payment function.

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

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We wish to express our appreciation to all client personnel for the courtesies extended to us during the course of our examination.



March 2, 2011