

POULSEN & PODVIN, CPA, P.C.

Certified Public Accountants

145 Clinton Street, Watertown NY 13601
Telephone: 315-788-5490 Fax: 315-788-7147

RICHARD E. POULSEN, CPA
LAURIE J. PODVIN, CPA
BRUCE C. POULSEN, CPA (1953-2013)

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

F. TOBY MORROW, CPA (RETIRED)

JOAN McCREADIE
OFFICE MANAGER

September 13, 2013

Board of Directors
Watertown Industrial Center Local Development Corporation

In planning and performing our audit of the financial statements of Watertown Industrial Center Local Development Corporation as of and for the year ended June 30, 2013, in accordance with auditing standards generally accepted in the United States of America, we considered Watertown Industrial Center Local Development Corporation'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 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, 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 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. 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. We consider the following deficiency in Watertown Industrial Center Local Development Corporation's internal control to be significant deficiency:

Segregation of Duties:

Due to the small size of the entity there is limited segregation of duties. The Organization's small staff limits the extent of separation of duties. This presents the risk for both intentional and unintentional errors to be made and go undetected. There is no recommendation to change current Organization procedures and personnel, only acknowledgement that this is considered a significant deficiency in internal control.

In addition, we noted other matters involving internal control and its operation that we have reported to management of Watertown Industrial Center Local Development Corporation.

Develop an Allowance for Doubtful Accounts Policy:

It is noted that in the current year, a significant allowance for doubtful accounts was established as a result of growing tenant debts. Currently, there is no formal policy in place for the review of and adjustment of this account. Due to its significance, we recommend that management establish a written policy for reviewing the allowance and making adjustments as deemed necessary by the LDC at least bi-annually.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestion with various Organization personnel, and we will be pleased to discuss this comment in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

This communication is intended solely for the information and use of management, 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.

Very Truly Yours,

Poulsen & Podvin, CPA, P.C.

September 13, 2013