

MANAGEMENT COMMENT LETTER

February 25, 2015

To the Management of
Orange County Industrial Development Agency
New Windsor, New York

In planning and performing our audit of the financial statements of the governmental activities of the Orange County Industrial Development Agency as of and for the years ended December 31, 2014 and 2013, in accordance with auditing standards generally accepted in the United States of America, we considered the 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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not be designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, we identified the following deficiencies in internal control during the audit and would like to provide updates to our prior year comments.

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

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 are pleased to inform you that we did not note any deficiencies in the current year. Additionally, we would like to provide you with an update of prior years' comments.

PRIOR YEARS COMMENTS

Limited Backups of Accounting System (2013)

Observation: During our audit, we noted that the quarterly backups of the accounting system are not done to an off-site network location. The backups are saved to the computer's hard drive. Technical issues to the network or computer could result in loss of accounting data.

Recommendation: We recommend that the backup be located on a secure, networked server that is located off-site. Also, the Agency should test the backups at least once a year to ensure recovery.

Management's Response: When the accounting systems are backed up on a quarterly basis, the CFO will receive and store an additional copy of the backed up accounting data at his office. The CFO's is located at another facility, which is on a different network.

Status: The recommendation was fully implemented in the current year.

Claimant Vouchers are Not Reviewed and Approved (2012)

Observation: During our 2012 audit, we noted several instances where the required claimant vouchers did not show physical evidence of review and approval prior to the cash disbursement being endorsed.

Recommendation: We recommend the Officer tasked with the review and approval process should document the performance of their review and approval on the claimant vouchers. A signature or initials noted on the claimant voucher will serve as evidence of the review being performed.

Management's Response: The CFO, who reviews all invoices in detail, will initial all payment vouchers going forward to serve as evidence of a full review being performed.

Status: The recommendation was fully implemented in the current year.

This communication is intended solely for the information and use of the governing council, management and others within the Agency, and is not intended to be and should not be used by anyone other than these specified parties

We thank the management and employees of Orange County Industrial Development Agency for their cooperation during our audit.

Very truly yours,

Judelson, Giordano & Siegel, P.C.

February 25, 2015