

**CIVIC CENTER MONROE COUNTY
LOCAL DEVELOPMENT CORPORATION**

**Communication of Other Matter Related to Internal Control
Over Financial Reporting
March 9, 2011**

Bonadio & Co., LLP
Certified Public Accountants

March 9, 2011

To the Board of Directors of the
Civic Center Monroe County Local Development Corporation:

In planning and performing our audit of the financial statements of Civic Center Monroe County Local Development Corporation (Civic Center, LDC) (a New York nonprofit organization), as of and for the year ended December 31, 2010, in accordance with auditing standards generally accepted in the United States, we considered Civic Center, LDC'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 Civic Center, LDC's internal control. Accordingly, we do not express an opinion on the effectiveness of Civic Center, LDC'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 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 significant deficiencies or material weaknesses and therefore there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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

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CIVIC CENTER MONROE COUNTY LOCAL DEVELOPMENT CORPORATION

COMMUNICATION OF OTHER MATTER RELATED TO INTERNAL CONTROL OVER FINANCIAL REPORTING

MARCH 9, 2011

OTHER MATTERS FOR THE CONSIDERATION OF MANAGEMENT

We have identified the following recommendations that we consider to be other matters for the consideration of management:

1. BANK TRANSFERS

Observation

Two individuals are authorized to initiate bank transfers, one acts as the primary individual initiating transfers and the other acts as a back-up. Currently, the back-up individual is also responsible for reconciling the bank statement on a monthly basis. We did not identify any errors or improprieties as a result of this procedure. Under an ideal set of internal controls, one individual would not be allowed to authorize, initiate, record, and reconcile the same transaction. However, given the limited size of the staff associated with Civic Center, LDC the costs to allow additional levels of separation do not outweigh the benefits of doing so.

Recommendation

Civic Center, LDC should consider whether an additional level of control can be added over the processing of bank transfers. Procedures to consider might include, but not be limited to, requiring dual authorization for transfers above a predetermined dollar threshold, or call-backs by the bank to a secondary individual to verify the appropriateness of the transfer request.

Management's Response

To date all bank transfers have been initiated by the primary responsible individual. The back-up individual has not initiated any transfers. We agree that due to the limited size of the staff associated with Civic Center, LDC the costs to allow additional levels of separation do not outweigh the benefits of doing so. However, we will explore different options of providing an additional level of control over the processing of bank transfers.