



Community Based, 2011 Focused.
March 5, 2011

Lumsden & McCormick, LLP
403 Main Street, Suite 430
Buffalo, NY 14203

We are providing this letter in connection with your audits of the financial statements of Town of Lockport Industrial Development Agency (the Agency) as of December 31, 2010 and 2009 and for the years then ended for the purpose of expressing opinions as to whether the financial statements present fairly, in all material respects, the respective financial position of the governmental activities of the Agency and the respective changes in financial position and cash flows thereof in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the previously mentioned financial statements in conformity with U.S. generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits.

1. The financial statements referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the Agency required by generally accepted accounting principles to be included in the financial reporting entity.
2. We have made available to you all—
 - a. Financial records and related data and all audit or relevant monitoring reports, if any, received from funding sources.
 - b. Minutes of the meetings of the Agency or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
5. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.

Town of Lockport Industrial Development Agency

Alan M. Hamilton, Chairman • Paul J. Haber, Vice Chairman • Patricia Dufour, Secretary • Robert A. Lipp, Treasurer
Duncan N. Carlson • Thomas A. Sy • R. Thomas Weeks

David R. Kinyon, Chief Executive Officer • Kathleen D. Carter, Chief Financial Officer • Daniel E. Seaman, Counsel

6. We have no knowledge of any fraud or suspected fraud affecting the Agency involving:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
7. We have no knowledge of any allegations of fraud or suspected fraud affecting the Agency received in communications from employees, former employees, analysts, regulators, or others.
8. We have a process to track the status of audit findings and recommendations.
9. The Agency has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net assets.
10. The following, if any, have been properly recorded or disclosed in the financial statements:
 - a. Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b. Guarantees, whether written or oral, under which the Agency is contingently liable.
 - c. All accounting estimates that could be material to the financial statements, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances, consistently applied, and adequately disclosed.
11. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts, or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
12. There are no—
 - a. Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
 - b. Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification 450, *Contingencies* (formerly Statement of Financial Accounting Standards No. 5, *Accounting for Contingencies*).
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB Accounting Standards Codification 450, *Contingencies* (formerly Statement of Financial Accounting Standards No. 5, *Accounting for Contingencies*).
 - d. Reservations or designation of fund equity that were not properly authorized and approved.
13. As part of your audit, you prepared the draft financial statements and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.

14. The Agency has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
15. The Agency has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
16. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
17. The financial statements properly classify all activities.
18. Net asset components (invested in capital assets and unrestricted) are properly classified and, if applicable, approved.
19. Deposits and investment securities are properly classified as to risk, and investments are properly valued.
20. Capital assets, including infrastructure assets, are properly capitalized, reported, and, if applicable depreciated.
21. The Agency has adequate insurance coverage in force to protect its net assets and continued operations.
22. We have reviewed and approved all adjusting entries reflected in the financial statements. To the best of our knowledge, you have not identified any adjustments for our consideration that were not recorded.
23. We have reviewed a draft of the financial statements and accompanying notes and approved them for final printing.
24. We are not aware of, and have not been notified of, any violations or alleged violations or regulatory proceedings against the Agency as to environmental matters, such as contamination or waste disposal practices.
25. We understand that it is the Agency's responsibility to maintain its own records, and that you will destroy your workpapers based on your own Firm's retention policy.

To the best of our knowledge and belief, no events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Sincerely,

**TOWN OF LOCKPORT INDUSTRIAL
DEVELOPMENT AGENCY**



Alan M. Hamilton, Chairman