



O'Connor Davies Munns & Dobbins, llp  
ACCOUNTANTS AND CONSULTANTS

April 17, 2009

Board of Directors  
Yonkers Industrial Development Agency

In planning and performing our examination of Yonkers Industrial Development Agency's (the "Agency") compliance with Section 2925(3)(1) of the New York State Public Authorities Law and Part 201 of title Two of the New York Code of Rules and Regulations during the year ended December 31, 2008, we considered the Agency's internal control over investments as a basis for designing our examination procedures, 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 over investments. We have issued a management letter dated March 31, 2009 related to the Agency's internal control over financial reporting as of and for the year ended December 31, 2008.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

The comments and recommendations attached are provided to enhance the Agency's policies and procedures already in place.

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

*O'Connor Davies Munns & Dobbins, LLP*

Yonkers Industrial Development Agency  
Audit of Investments  
December 31, 2008  
Management Comments

- Third Party Custodian Agreement

During our audit, we were presented with a custodian agreement that was executed on October 28, 1997 and signed for the IDA by then Mayor of the City of Yonkers and Chairman of the Yonkers IDA, John Spencer. Per Section 8(a) of the Custodian Agreement, "the Local Government and Bank each agrees to furnish to the Custodian a new Certificate (of Authorized Persons) in the event that any present Authorized Person ceases to be an Authorized Person or in the event that any other Authorized Persons are appointed and authorized".

We recommend that the Certificate of Authorized Persons be reviewed at least annually and updated as necessary.

- Collateralization of Accounts

Per the IDA's policies, cash and investment accounts should be collateralized by the Custodial Bank for 100% of deposit market value in excess of FDIC or other government insurances on such deposits. Since the cash and temporary deposit balances may vary significantly over the period of a year, the IDA should ensure that collateral balances held by the custodial bank are adequate to cover all amounts on deposit in IDA cash and investment type accounts.