

**HILTON LOCAL DEVELOPMENT
CORPORATION, NEW YORK**

**COMMUNICATING INTERNAL CONTROL
RELATED MATTERS IDENTIFIED IN AN AUDIT**

For Year Ended December 31, 2011

Raymond F. Wager, CPA, P.C.
Certified Public Accountants

Shareholders:

Raymond F. Wager, CPA
Thomas J. Lauffer, CPA
Thomas C. Zuber, CPA

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

March 1, 2012

To the Council Members of
Hilton Local Development
Corporation, New York

In planning and performing our audit of the financial statements of the Hilton Local Development Corporation, New York as of and for the year ended December 31, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered the Hilton Local Development Corporation, New York'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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 Corporation'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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

Prior Year Deficiencies Pending Corrective Action:

General Accountability –

During our examination of the bank reconciliation process we noted the bank reconciliations are completed by the same individual who maintains the books.

In order to enhance the internal controls over the bank reconciliation process we recommend an individual independent of that process receive the statements unopened from the bank, review and initial them before they are given to the individual for reconciliation. Once the reconciliation is completed they should be returned to that individual for review and sign off.

(Prior Year Deficiencies Pending Corrective Action) (Continued)

Procurement Procedures –

During the course of our examination, we noted that checks written for the LDC are made with verbal approval and do not have a voucher or claim form to help document the authorization and account coding.

We recommend the LDC implement a voucher system to help document this process.

Prior Year Recommendations:

We are pleased to report that the following recommendations from the prior year have been implemented to our satisfaction:

1. The Corporation has reviewed the requirements of the Public Authorities Accountability Act and adopted policies to ensure compliance.
2. The Corporation had no property disposals during the year ended December 31, 2011.

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We wish to express our appreciation to all client personnel for the courtesies extended to us during the course of our examination.

Raymond F. Wager, CPA, PC

March 1, 2012