



BOWERS & COMPANY
CPAs PLLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

To the Board of Directors of
Watertown Local Development Corporation

In planning and performing our audit of the financial statements of Watertown Local Development Corporation for the year ended December 31, 2015, we considered the Organization's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

During our audit, we noted matters involving the internal control structure and other operational matters which are presented for your consideration. This letter does not affect our report dated February 25, 2016 on the financial statements of Watertown Local Development Corporation.

We will review the status of this comment during our next engagement. Our comment and recommendation, which has been discussed with appropriate members of management, is intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss this comment in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation. Our comment is summarized as follows:

Review of Allowance for Loan Losses

We note that the Allowance for Loan Losses is reviewed annually by the management of Watertown Local Development Corporation. Currently, the annual review takes place subsequent to year-end which does not allow adequate time for Board approval of the calculation prior to the release of year-end financial statements. We recommend that the review of the Allowance for Loan Losses be done prior to year-end so that any significant adjustments to the calculation can be made by management by December 31 and approved by the Board before the financial statement audit is conducted.

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

A handwritten signature in cursive script that reads "Bowers & Company". The signature is written in dark ink and is positioned to the right of the main body of text.

Watertown, New York
February 25, 2016