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Management Letter

March 22, 2018

To the Members of the Board of Directors
Jamestown Local Development Corporation
City of Jamestown, New York

In planning and performing the audit of the financial statements of the governmental activities of the Jamestown Local Development Corporation, a component unit of the City of Jamestown, New York, as of and for the years ended December 31, 2017, in accordance with auditing standards generally accepted in the United States of America, I considered the Corporation's internal control over financial reporting (internal control) as a basis for designing my auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, I 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My 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 material weaknesses. Given these limitations during the audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, members of the Corporation's 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.

The following are my comments and suggestions concerning those matters. This letter does not affect my report dated March 22, 2018, on the financial statements of the Jamestown Local Development Corporation.

OTHER MATTERS

During the audit, I became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The following summarizes my comments and suggestions concerning those matters. This letter does not affect my report dated March 22, 2018, on the financial statements of Jamestown Local Development Corporation.

I have already discussed these comments and suggestions with management and will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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Administration Fees

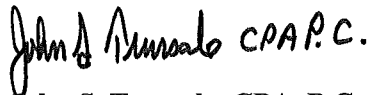
The City of Jamestown, New York's Department of Development charged the Corporation an administration fee for wages, payroll taxes, fringe benefits, and other costs. The administration fee charged to the Corporation totaled \$100,000 for each of the years ended December 31, 2017 and 2016. Interest income from loans totaled \$30,062 and \$23,462 for the years ended December 31, 2017 and 2016, respectively.

Recommendation

As noted above, the administrative costs associated with the operation of the Jamestown Local Development Corporation exceed the interest income received on loans. Management and the Board of Directors should review the administrative costs currently allocated to the Corporation.

I appreciate the outstanding cooperation received from Corporation personnel during the audit process. If you have any questions, or need further assistance regarding implementation of any of the aforementioned items, please feel free to contact me.

Respectfully submitted,

Handwritten signature of John S. Trussalo in black ink, including the initials "CPA P.C." to the right of the signature.

**John S. Trussalo, CPA, P.C.
Jamestown, New York**