

March 19, 2015

To The Members of the County of
Sullivan Industrial Development Agency
Monticello, NY 12701

We have audited the financial statements of the County of Sullivan Industrial Development Agency for the years ended December 31, 2014 and 2013, and have issued our report thereon dated March 19, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 10, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the financial statements. The Agency has implemented the following new standards issued by the Governmental Accounting Standards Board (GASB) for the year ended December 31, 2014:

GASB 67 – Financial Reporting For Pension Plans.

GASB 69 - Government Combinations and Disposals of Government Operations.

GASB 70 - Accounting and Financial Reporting for Non-exchange Financial Guarantees.

We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most significant estimates affecting the financial statements were capital assets, accumulated depreciation and depreciation expense.

Assets with a useful life of more than one year are capitalized in the statement of net position and depreciated over their estimated useful lives in the statement of activities. We evaluated the key factors and assumptions used to develop the value of capital assets and the current year depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

Note 3 - Disclosure of the Agency's outstanding revolving loans as of December 31, 2014 and 2013.

Note 6 – Disclosure related to the Agency's purchase of equipment and subsequent lease agreement with Catskill Distilling Company LTD.

Note 8 – Disclosure of the Agency's transactions with related parties.

Note 9 – Disclosure of the Agency's outstanding long term debt as of December 31, 2014 and 2013.

Note 11 – Disclosure of restated activity for the year ended December 31, 2013, which effects the beginning net position for the year ended December 31, 2014.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 19, 2015.

Management Consultations with Other Independent Accountants

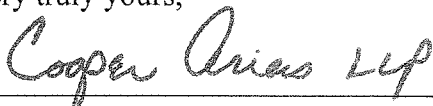
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board and management of the County of Sullivan Industrial Development Agency and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Cooper Arias, LLP