

March 31, 2017

To the Chairman and Members of the  
County of Sullivan Industrial Development Agency  
Monticello, New York 12701

In planning and performing our audit of the financial statements of the County of Sullivan Industrial Development Agency as of and for the years ended December 31, 2016 and 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the County of Sullivan Industrial Development Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements in accordance with *Government Auditing Standards*, 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.

The management of the County of Sullivan Industrial Development Agency is responsible for establishing and maintaining an internal control structure. An internal control system consists of five elements: the control environment, risk assessment, information and communication, monitoring, and control activities. Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. This letter does not affect our report dated March 31, 2017 on the financial statements of the County of Sullivan Industrial Development Agency. Certain matters involving the internal control structure and its operation have been discussed verbally with the appropriate administrative personnel. Our comments are summarized as follows:

#### MONITORING PROCEDURES

During our review of the Agency's accounting procedures we noted certain account balances that were not reconciled at year end. Payment in Lieu of Tax (PILOT) liabilities should be reviewed and reconciled during the year to be sure that all amounts collected are properly disbursed to the recipient jurisdictions, and revolving loan balances should be reconciled to the amortization schedules to be sure that interest and principal payments are being applied properly to the respective loans. We recommend that the Agency put procedures in place to be sure that account balances in the accounting system are reviewed for accuracy throughout the year.

**Management's Response** - Staff will implement a procedure to check PILOT liabilities against actual amounts collected and disbursed, and management will review PILOT balances and disbursements each month. Management will review all bank reconciliations and revolving loan accounts on a quarterly basis to ensure that all transactions are properly posted.

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In conclusion, we would like to thank the Staff who assisted us during our examination, and provided us with all the necessary records.

Very truly yours,

A handwritten signature in cursive script that reads "Cooper Arias LLP". The signature is written in dark ink and is positioned above a horizontal line.

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Cooper Arias, LLP