

April 5, 2018

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, 2017 and 2016, 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 April 5, 2018 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:

PREVIOUS RECOMMENDATIONS

During our review of the Agency's accounting procedures we noted that the Payment in Lieu of Tax (PILOT) liabilities account was not reconciled at year end. Although the Agency tracks all receipts and disbursements to ensure that PILOT payments are properly accounted for, the activity is not reconciled with the accounting records to ensure that only PILOT activity is posted to the liability account. We recommend that the Agency put procedures in place to reconcile the PILOT receipts and disbursements with the activity in the accounting system.

Management's Response – Management reviews PILOT disbursements monthly during the period of highest PILOT activity, to ensure PILOTs are properly collected and disbursed. Moving forward, staff will reconcile PILOT liability information in the Agency's accounting records with actual PILOT collections and disbursements. Management will review reconciliations on a regular basis.

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Management has addressed our other previous recommendations.

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.

Cooper Arias, LLP