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**INDEPENDENT AUDITORS' REPORT ON INTERNAL  
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT***

To the Board of Directors of the  
Town of Riverhead Industrial Development Agency  
Riverhead, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Town of Riverhead Industrial Development Agency (the Agency), a component unit of the Town of Riverhead, New York, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 7, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, 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.

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 a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Jones Little & Co. CPAs LLP*

Port Jefferson Station, New York

March 7, 2016



**RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY  
SUMMARY SCHEDULE OF PRIOR FINDINGS  
DECEMBER 31, 2015**

**PRIOR FINDINGS:**

**Significant Deficiencies**

*None.*

**Other Findings**

The Agency did not complete its filing with New York State Authorities Budget Office timely for the December 31, 2014 annual report. While, such filings are in the process of being promptly completed, the filings are past the deadline. We have noted that prior filings by the Agency have been performed timely and while the situations that created the delay in the current period appear to be isolated and reasonable, the Agency should avoid this situation in the future.

December 31, 2015 Update

The December 31, 2014 annual report was filed in April 2015. The situation was not noted regarding the December 31, 2015 filing.



**RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY  
CORRECTIVE ACTION PLAN  
DECEMBER 31, 2015**

**CURRENT FINDINGS:**

**Significant Deficiencies**

*None.*

**Other Findings**

The Agency has responsibility for monitoring numerous projects as well as new projects and promoting the missions of the Agency. Information annually is required by the project to be certified and sent to the Agency regarding specific criterion, the Agency reviews that information for compliance. Also, the Agency makes best efforts to physically monitor existing projects to the extent resources are available. Consideration should be given to formalizing the results of that monitoring and reporting to the board, so that cyclically all projects will be physically monitored and presented to the board.



**RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY  
CORRECTIVE ACTION PLAN  
DECEMBER 31, 2015**

**Management Response**

Although the Agency monitors projects throughout the year and annually through an annual compliance report submitted by each company, the Agency began the process of formalizing an adopted written policy documenting this action. A policy will be memorialized by resolution in 2016.