

INTERNAL CONTROL MATTERS

March 30, 2017

To the Honorable Members and Management of the
Industrial Development Agency of the
City of Port Jervis, New York

Dear Members and Management:

We have completed our audit of the financial statements of City of Port Jervis Industrial Development Agency, New York (IDA) as of December 31, 2016, and have issued our report thereon, dated March 30, 2017.

In planning and performing our audit of the financial statements of the IDA for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the IDA's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 IDA's internal control. Accordingly, we do not express an opinion on the effectiveness of the IDA's internal control.

The financial statements include all required communications regarding internal control. During our audit, we became aware of other matters that are not necessary to be reported in the required reports, however, we are presenting them here for your consideration.

Performance Measures (repeat comment)

Observation: At the time of our audit fieldwork, it was noted that the IDA Board had not established or adopted performance measures as is required by New York State.

Suggestion: The IDA Board should consider drafting, establishing and adopting performance measures and post to the IDA's website.

Annual Evaluation of Internal Controls (repeat comment)

Observation: At the time of our audit fieldwork, it was noted that management of the IDA had not performed an annual evaluation of internal controls as prescribed by New York State.

Suggestion: IDA management should perform an annual evaluation of internal controls to determine the effectiveness of its internal control system. This assessment should be sufficiently thorough so as to identify significant weaknesses in controls, recognize emerging or inherent risks, and to enable early detection of existing or potential problems.

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We would like to acknowledge the cooperation and the professional conduct of the business office personnel and thank all the IDA personnel for the courtesy received during the course of our audit. Should you have any questions regarding the matters presented, we shall be pleased to discuss them at your convenience.

Very truly yours,

BONADIO & CO., LLP