

April 5, 2018

To the Board of the Sullivan
County Funding Corporation
Ferndale, New York 12734

In planning and performing our audit of the financial statements of the Sullivan County Funding Corporation 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 Sullivan County Funding Corporation'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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

The management of the Sullivan County Funding Corporation 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 Sullivan County Funding Corporation. 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:

COMPLIANCE

During our review of the Corporation's cash balances we noted that deposits in excess of FDIC insurance were not collateralized in accordance with the Corporation's investment policy. We recommend that the Corporation put a collateral security agreement in effect with their banking institutions.

Management's Response - Management is working with the Corporation's bank to put a collateral security agreement in place.

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PREVIOUS RECOMMENDATIONS

During our review of the Corporation's cash disbursement procedures we noted transactions that had only one signature on the check. Although the frequency of the occurrences was reduced from the previous year, we recommend that the Corporation monitor this requirement to ensure compliance with its policies and procedures, which require two signatures on all checks.

Management's Response - Management will review all checks prior to issuance.

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,



Cooper Arias, LLP