Town of Islip Industrial Development Agency

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 AUDITING STANDARDS

December 31, 2008
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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 AUDITING STANDARDS

To the Members of the Board of Directors
Town of Islip Industrial Development Agency

We have audited the financial statements of the Town of Islip Industrial Development Agency (the Agency), a component unit of the Town of Islip, as of and for the year ended December 31, 2008, and have issued our report thereon dated July 7, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies:

- Controls over the financial reporting process as they pertain to the preparation of the financial statements, including related disclosures.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process
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or report financial data reliably in accordance with generally accepted accounting principles such that
there is more than a remote likelihood that a misstatement of the Agency's financial statements, that
is more than inconsequential, will not be prevented or detected by the Agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that
results in more than a remote likelihood that a material misstatement of the financial statements will
not be prevented or detected by the Agency's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described
in the first paragraph of this section and would not necessarily identify all deficiencies in internal
control that might be significant deficiencies and, accordingly, would not necessarily disclose all
significant deficiencies that are also considered to be material weaknesses. However, we consider
the significant deficiency, identified on the preceding page, to be a material weakness.

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.

We noted certain matters that we reported to management of the Agency in a separate letter dated

This report is intended solely for the information and use of the members of the Board of Directors
and management, and is not intended to be, and should not be used by anyone other than these
specified parties.

Sheehan & Company CPA, P.C.

July 7, 2009