

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED UPON THE AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Board of Directors Town of Babylon Industrial Development Agency Babylon, New York

We have audited, in accordance with the 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, the financial statements of the Town of Babylon Industrial Development Agency (the "Agency"), a component unit of the Town of Babylon, New York, as of and for the year ended December 31, 2019 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 xx, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, 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 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. DRAFT R FINANCIA R FIN T THE AUDIT OF F THE A T NMENT AUDITING STA NMENT AUD T standards generally accepted in t ards generally cial audits contained in ontained Governmen ted States, the financial statements ted States, the financia cy"), a component unit of the Town y"), a component unit of the 1, 2019 and the related notes to th 19 and the related notes to sic financial statements, and have ncial statements, and have ial Reporting ial Reportin ing our audit of the financial state ing our audit of the financial s eporting (internal control) to determ porting (internal control) to determ for the purpose of expressing our o e purpose of expressing our o essing an opinion on the effectiven opinion on the effectiven s an opinion on the effectiveness of an opinion on the effe ncy in internal control ncy in internal contr exists wh exists wl ement or employees, in the norma ement or employees, in the norma nd correct, misstatements on a nd correct, misstatement cies, in internal control su cies, in internal control y's financial stateme y's financial statem efficiency efficienc is a de s a dey aterial we aterial we

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from 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 the 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.

Hauppauge, New York March xx, 2020