

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY 2017 ASSESSMENT OF INTERNAL CONTROLS

The Herkimer County Industrial Development Agency (HCIDA) is a public benefit corporation created by the Herkimer County Legislature in 1970, under the New York State Industrial Development Agency Act of 1969. The mission of the agency is to help create or retain job opportunities within Herkimer County by both assisting existing area industries and by marketing the area to prospective new industries.

The HCIDA has a seven-member board of directors appointed by the Herkimer County Legislature. It is supported financially by Herkimer County, its own project administration generated fees, and administration fees from its Revolving Loan Funds. Operating staff consists of: Executive Director and Office Manager.

The HCIDA administers several revolving loan funds that are currently available to manufacturing and small businesses in Herkimer County. In addition, the HCIDA is authorized to offer certain incentives to qualifying businesses when they make investments in Herkimer County that will lead to the creation or retention of jobs. These incentives may include access to Straight Lease Arrangements (SLA's) which could allow for exemption from sales tax on the purchases of equipment and materials used in the construction and equipping of a facility; Mortgage Recording Tax (MRT) savings related to the financing of the cost of the facility; and a "Payment In Lieu Of Taxes" (PILOT) agreement on exempted real property taxes.

Part of the administration of the revolving loan funds and the PILOT program requires billing and receiving payments on all open loans and PILOT's. Payments are received in this office as accounts become due. Cash payments are discouraged. In addition the HCIDA processes accounts payable regularly and is responsible for all payroll functions, including federal and state payroll reporting.

The receipt and recording of the mail is performed by the Office Manager and reviewed by the Executive Director, thus adequately addressing the need for the segregation of duties. The receipt and recording of payments are processed in the company records, recorded in QuickBooks; and deposited in the applicable bank account. The following is a review of the Internal Control System currently in place:

- All checks require two signatures
- All paid bills are audited by an appointed member of the board monthly at minimum
- All bank accounts are recorded through QuickBooks (accounting program) which allows for simple and clear tracking and reporting of all transactions
- The Office Manager calculates and prepares all Revolving Loan Fund (RLF) statements which are then reviewed by the Executive Director prior to sending
- The Office Manager calculates and prepares all PILOT bills

- As PILOT payments come in the Office Manager opens, makes copies and then distributes to the applicable taxing jurisdiction
- A tracking sheet is prepared regularly by the Office Manager that includes all revolving loan payments, a copy is provided to the Executive Director routinely
- A tracking sheet is prepared regularly by the Office Manager in regards to all PILOT billing and payment activity, a copy is provided to the Executive Director routinely
- The RLF tracking sheet is emailed to the full Board of Directors for review prior to each board meeting and a paper copy is also provided to everyone at the meeting. The PILOT tracking is emailed as necessary as well
- The Office Manager reconciles all bank statements monthly and reports any discrepancies to the Executive Director
- The Office Manager prepares a monthly operating financial report using Excel that is provided each month to the board for review, inquiries and approval
- A print out of the monthly check register transactions is provided each month to the board for review, inquiries and approval
- A full audit is conducted by an independent auditor annually to review the finances, operations, and the internal control programs and procedures of the HCIDA. This report is provided to the Board of Directors, the NYS Authorities Budget Office and is made available on the HCIDA web site at www.herkimercountyida.org.

The Executive Director and the Board of Directors is responsible to provide oversight of all of operations of the HCIDA.

This statement certifies that management and the board of directors have documented and assessed the internal control structure and procedures of the Herkimer County Industrial Development Agency for the year ending December 31, 2017. This assessment found the authority's internal controls to be adequate, and to the extent that deficiencies were identified, the authority has developed corrective action plans to reduce any corresponding risk.

No deficiencies were identified.

Approved and adopted this 28th day of March 2017
Approved and adopted this 8th day of March 2018