



Dermody, Burke & Brown, CPAs, LLC

April 23, 2020

To the Members of the Board of Directors of
Herkimer County Industrial Development Agency

We have audited the financial statements of Herkimer County Industrial Development Agency for the year ended December 31, 2019 and have issued our report thereon dated April 23, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 23, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Herkimer County Industrial Development Agency are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2019. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the calculations of the present and future costs of post-employment employee benefits other than pensions (health insurance benefits). These estimates were calculated by independent actuaries.

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To the Members of the Board of Directors of
Herkimer County Industrial Development Agency
Page 2
April 23, 2020

Collectability of Loans and Grants Receivable

Management's estimate of the allowance for uncollectible loans is based on historical collection rates and an analysis of the collectability of individual loans. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole. At December 31, 2019, management felt there was no need to maintain an allowance for bad debts.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management and completing our audit. We received the full cooperation of the Agency's accounting staff during the audit.

Significant Audit Adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. As a result of the adoption of GASB Statement No.s 68 and 75, there were significant adjustments for the year 2019.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 23, 2020.

Managements Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Agency's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

To the Members of the Board of Directors of
Herkimer County Industrial Development Agency
Page 3
April 23, 2020

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the board of directors and management within the Herkimer County Industrial Development Agency and is not intended to be, and should not be used by anyone other than these specified parties.

We would be pleased to discuss this report with you further at your convenience.

Dermoddy, Burke & Brown

DERMODY, BURKE & BROWN, CPAs, LLC