

HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY 2025 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 deliver economic incentives to business and industry to diversify and strengthen Herkimer County's tax base and enhance community vitality by supporting job creation, housing, business and industrial development, and community revitalization. We strive to develop the local economy in an organized, sustainable and environmentally beneficial manner.

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: Chief Executive Officer (CEO), Operations Manager, Administrative Assistant, and Marketing & Communications Specialist.

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 PILOT program requires billing and receiving payments on all open 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 outsources payroll to Paychex, Inc., a provider of payroll services including federal and state payroll reporting.

The receipt and recording of the mail is performed by the Administrative Assistant, reviewed by the Operations Manager and the CEO, 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 bills to be paid are approved by the agency's claims auditor prior to mailing
- All bank accounts are recorded through QuickBooks (accounting program) which allows for simple and clear tracking and reporting of all transactions
- The Operations Manager calculates and prepares all PILOT bills

- As PILOT payments come in the Administrative Assistant opens, makes copies, and then the Operations Manager distributes to the applicable taxing jurisdiction
- A tracking sheet is prepared regularly by the Operations Manager in regards to all PILOT billing and payment activity, a copy is provided to the CEO and the Board of Directors regularly
- The Administrative Assistant reconciles all bank statements monthly and reports any discrepancies to the Operations Manager. The bank statements are then reviewed by the CEO.
- The Operations 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 CEO and the Board of Directors are 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, 2025. 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 19th day of February 2026