

February 25, 2026

**To 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, 2025. 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 December 19, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

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 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2025. We noted no transactions entered into by the Company 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 consolidated financial statements were:

Management's estimate of the depreciation is based on the straight-line method over the capital asset's useful life. We evaluated the key factors and assumptions used to develop the depreciation calculations in determining that it is reasonable in relation to the financial statements taken as a whole.

Management estimates actuarial assumptions that are used to determine pension liabilities and annual pension costs for the year in accordance with GASB Statement No. 68.

Management estimates actuarial assumptions that are used to determine annual postretirement cost for the year in accordance with GASB Statement No. 75.

Management's estimate of present value of right to use leased assets and lease liability is based on the discount rate or implicit interest rate within the agreements in accordance with GASB Statement No. 87, Leases.

Management develops estimates and assumptions based upon historical employee leave data to measure the liability for compensated absences in accordance with GASB Statement No. 101.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements:

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached material misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's 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 February 25, 2026.

Management 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 Company's financial statements or a determination of the type of auditor's 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.

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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 Herkimer County Industrial Development 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.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, Agency's total OPEB liability and related ratios, schedule of the Agency's proportionate share of the net pension liability – NYSLRS Pension Plan, and the schedule of the Agency's Contributions – NYSLRS Pension Plan which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining Schedule of Net Position, and the Combining Schedule of Revenues, Expenses, and Changes in Net Position, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Very truly yours,



Bowers & Company CPA's, PLLC

Material Adjusting Journal Entries Made:

Adjusting Journal Entries JE # 1			
to record entry for transfer of Masonic property to LDC.			
138000	Accounts Rec - Related Party	59,339.00	
150026	Site Dev - Masonic		59,339.00
Total		59,339.00	59,339.00
Adjusting Journal Entries JE # 2			
To adjust entry for vacation/sick accrual.			
170002	Accrued Compensated Absences	71,993.00	
200001	Retained Earnings		71,993.00
Total		71,993.00	71,993.00
Adjusting Journal Entries JE # 3			
to adjust roll forward net position from prior year			
400013	Office Expense	799.00	
200001	Retained Earnings		799.00
Total		799.00	799.00
Adjusting Journal Entries JE # 4			
To record current year depreciation expense.			
400000	Depreciation Expense	104,882.00	
155000	Accum. Depreciation - All Prop.		104,882.00
Total		104,882.00	104,882.00
Adjusting Journal Entries JE # 5			
To record lease amortization.			
180500	LT Lease Liability-Finance	12,037.00	
180550	ST Lease Liability-Finance	555.00	
300049	Accounts Payable - Temporary	31.00	
400000-1	Amortization Expense	14,221.00	
400005-1	Interest Expense - Financing Lease	1,521.00	
150500	ROU Asset		4,771.00
150600	ROU Asset-Accumulated Amortizat		9,450.00
400013	Office Expense		914.00
400014	Office Rent		13,230.00
Total		28,365.00	28,365.00

Material Adjusting Journal Entries Made – Continued

Adjusting Journal Entries JE # 6			
To record lease entry related to lessor agreements.			
137001	ST Lease Receivable	893.00	
195003	Deferred Inflow - Leases	21,441.00	
300063	Lease Income - Amazon-240 Mary	2,559.00	
137000	Interest Receivable		73.00
137002	LT Lease Receivable		21,297.00
300090	Interest Revenue - Lease		3,523.00
Total		24,893.00	24,893.00

Adjusting Journal Entries JE # 7			
To record net OPEB liability activity at 12/31/25.			
195001	OPEB Liability	66,087.00	
400036	Retiree Health Insurance	12,360.00	
130000	Deferred Outflows		59,709.00
195000	Deferred Inflows		18,738.00
Total		78,447.00	78,447.00

Adjusting Journal Entries JE # 8			
To record prepaid payroll. REVERSE 1/1/26.			
130003	Prepaid Expense	3,562.00	
400028	Payroll Tax Expense		995.00
400042	Net Payroll Checks		2,567.00
Total		3,562.00	3,562.00

Adjusting Journal Entries JE # 9			
To move funds given to LDC to due from related party.			
138000	Accounts Rec - Related Party	4,618.00	
138000	Accounts Rec - Related Party	33,353.00	
4400052	Herkimer Local Development Corp		250.00
4400053	Masonic Project Fund		4,618.00
4400053	Masonic Project Fund		33,103.00
Total		37,971.00	37,971.00

Adjusting Journal Entries JE # 10			
To record vacation accrual.			
400034	Total Salaries	21,231.00	
170002	Accrued Compensated Absences		21,231.00
Total		21,231.00	21,231.00

Material Adjusting Journal Entries Made – Continued

Adjusting Journal Entries JE # 11			
To dispose of asset no longer in service.			
4400099	Loss on Disposal of Asset	6,300.00	
150028	Site Dev - German Flatts BP		6,300.00
Total		<u>6,300.00</u>	<u>6,300.00</u>
Adjusting Journal Entries JE # 12			
To record GASB 68 ERS entry.			
130000	Deferred Outflows	32,278.00	
130003	Prepaid Expense	2,390.00	
195000	Deferred Inflows	42,459.00	
195002	Pension liability assessment		75,978.00
400029	Pension		1,149.00
Total		<u>77,127.00</u>	<u>77,127.00</u>
Adjusting Journal Entries JE # 13			
To adjust deposit for grant revenue.			
150016	Site Imp-Schuyler BP II	565,379.00	
300006	Herkimer Co.SubsidySBP II-PIF		565,379.00
Total		<u>565,379.00</u>	<u>565,379.00</u>
Adjusting Journal Entries JE # 14			
to record deposits received on grants receivable			
300064	Grant Income - Herkimer BOA	51,745.00	
300089	Grant Income- HC Housing Study	22,739.00	
136000	Grant Receivables		74,484.00
Total		<u>74,484.00</u>	<u>74,484.00</u>
Adjusting Journal Entries JE # 15			
to record grant receivable			
136000	Grant Receivables	50,421.00	
300092	Grant Income - County Wide BOA		50,421.00
Total		<u>50,421.00</u>	<u>50,421.00</u>
Adjusting Journal Entries JE # 16			
to reclassify.			
190000	Unearned Revenue	2,022.00	
300026	Miscellaneous Income Operating		2,022.00
Total		<u>2,022.00</u>	<u>2,022.00</u>

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SECTION 2925(3)(F)
OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW**

**TO THE BOARD OF DIRECTORS
HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY**

We have audited, 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, the financial statements of Herkimer County Industrial Development Agency (the Agency), which comprise the combined statement of net position as of December 31, 2025, and the related combined statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated February 25, 2026.

In connection with our audit, nothing came to our attention that caused us to believe that the Agency failed to comply with the Agency's Investment Policy, The New York State Comptroller's Investment Guidelines, and Section 2925(3)(F) of the NYS Public Authorities Law during the year ended December 31, 2025. However, our audit was not directed primarily toward obtaining knowledge of noncompliance with such investment guidelines. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Agency's noncompliance with the above rules and regulations.

This report is intended solely for the information and use of management of the Agency, the Board of Directors, and the Office of the State Comptroller of the State of New York. It is not intended to be, and should not be, used by anyone other than these specified parties.

Bowers & Company CPAs, PLLC

Watertown, New York
February 25, 2026