



March 25, 2015

Board of Directors
Hamilton County Industrial Development Agency
P.O. Box 205
Lake Pleasant, New York 12108

Dear Members of the Board:

We are pleased to present this report related to our audit of the financial statements of the Hamilton County Industrial Development Agency (Agency) for the year ended December 31, 2014. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for Agency's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the Agency.

Very truly yours,

SaxBST LLP

A handwritten signature in black ink that reads "Willard G. Reynolds". The signature is written in a cursive style.

Willard G. Reynolds

WGR/dmc

Hamilton County Industrial Development Agency

Communication With Those Charged With Governance Year Ended December 31, 2014

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit, as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities and the Planned Scope and Timing of the Financial Statement Audit

Our responsibility under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States has been described to you in our arrangement letter dated February 18, 2015.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Agency. Following is a description of significant accounting policies or their application that were either initially selected or changed during the year.

Governmental Accounting Standards Board (GASB) Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. Government combinations include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This statement provides specific accounting and financial reporting guidance for combinations in this environment and improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement provides financial reporting and disclosure guidance to those governments that extend and receive nonexchange financial guarantees, thereby enhancing comparability of financial statements among governments.

The Agency adopted GASB Statements No. 69 and No. 70 as of January 1, 2014. There was no significant impact to the financial statements as a result of the adoption.

Hamilton County Industrial Development Agency

Communication With Those Charged With Governance
Year Ended December 31, 2014

Accounting Policies and Practices - Continued

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Exhibit A, Summary of Significant Accounting Estimates.

Audit Adjustments

Audit adjustments proposed by us and recorded by the Agency are shown on the attached Exhibit B, Summary of Recorded Audit Adjustments.

Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed with or the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.



Hamilton County Industrial Development Agency

Communication With Those Charged With Governance
Year Ended December 31, 2014

Communicating Significant Deficiencies and Material Weaknesses in Internal Control over Financial Reporting

Our consideration of internal control over financial reporting was for the limited purpose of expressing an opinion on the financial statements, and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal controls over financial reporting that we consider to be material weaknesses.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the Agency, including the representation letter provided to us by management, are attached as Exhibit C.

We will be pleased to respond to any questions you have about these matters. We appreciate the opportunity to be of continued service to you.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties.

SaxBST LLP

Albany, New York
March 25, 2015

Hamilton County Industrial Development Agency

Summary of Significant Accounting Estimates Year Ended December 31, 2014

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Agency's December 31, 2014 financial statements:

<u>Estimate</u>	<u>Accounting Policy</u>	<u>Estimation Process</u>
Property held for sale or development	Property held for sale or development is stated at cost. When the acquisition cost of an individual asset is not specified, the group acquisition cost must be allocated to each asset on an appropriate basis.	The Agency estimated the market value of each individual asset included in property held for sale or development and allocated the cost basis proportionally.

We have evaluated management's significant accounting estimates noted above as part of our audit, and concluded that management's estimates and the estimation process appear reasonable in the context of the financial statements taken as a whole.

Hamilton County Industrial Development Agency

Summary of Recorded Audit Adjustments Year Ended December 31, 2014

Description	Effect - Increase (Decrease)				
	Assets	Liabilities	Net Position	Revenue	Expense
To record revenue previously deferred	\$ -	\$ (41,868)	\$ -	\$ 41,868	\$ -
Total Statement of Revenues, Expenses, and Changes in Net Position Effect			<u>41,868</u>	<u>\$ 41,868</u>	<u>\$ -</u>
Total Statement of Net Position Effect	<u>\$ -</u>	<u>\$ (41,868)</u>	<u>\$ 41,868</u>		

Hamilton County Industrial Development Agency

Significant Written Communications
Between Management and our Firm
Year Ended December 31, 2014

Representation Letter



INDUSTRIAL DEVELOPMENT AGENCY
OF

MEMBERS

Brian E. Towers, Wells
Chairman
William G. Farber, Morehouse
Vice-Chairman
William J. Faro, Inlet
Treasurer
Robin L. Morrison, Benson
James H. Bateman, Long Lake
Robert C. Peck, Speculator
Timothy J. Pine, Indian Lake

HAMILTON COUNTY

PO Box 205
Lake Pleasant, NY 12108
(518) 548-3076
info@hamiltoncounty.com

STAFF

William H. Osborne, Lake Pleasant
Executive Director
Laura A. Abrams, Arietta
Secretary

March 25, 2015

SaxBST LLP
26 Computer Drive West
Albany, New York 12205

This representation letter is provided in connection with your audit of the financial statements of the Hamilton County Industrial Development Agency (Agency), which comprise the statement of net position as of December 31, 2014, and the related 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, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of the date of your independent auditor's report, the following representations made to you during your audit:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated February 18, 2015, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

The Hamilton County IDA prohibits discrimination against its employees, loan or project applicants, applicants for employment or vendors on the bases of race, color, national origin, age, disability, sex, gender identity or religion.

6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. We have no knowledge of any uncorrected misstatements in the financial statements.
9. We have identified for you all of our funds.
10. We have properly classified all funds and activities.
11. We are responsible for compliance with laws and regulations applicable to the Agency.

Information Provided

12. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Board of Directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
15. We have no knowledge of allegations of fraud or suspected fraud, affecting the Agency's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Agency's financial statements received in communications from employees, former employees, analysts, regulators, or others.
17. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.

18. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements, and we have not consulted legal counsel concerning litigation or claims.
19. We have disclosed to you the identity of the Agency's related parties and all related-party relationships and transactions of which we are aware.
20. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Agency's ability to record, process, summarize, and report financial data.
21. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
22. We know of no violations of state or federal statutory or regulatory provisions, grants or other contractual provisions, or of provisions of local ordinances.
23. We have no direct or indirect, legal or moral, obligation for any debt of any organization, public or private, or to special assessment bond holders that is not disclosed in the financial statements.
24. Net positions invested in capital assets and unrestricted fund balances are properly classified and, when applicable, approved.
25. Expenses or expenditures have been appropriately classified in or allocated to functions and programs in the statement of revenues, expenses, and changes in net position, and allocations have been made on a reasonable basis.
26. Revenues are appropriately classified in the statement of revenues, expenses, and changes in net position within program revenues.
27. Capital assets, including infrastructure assets, are properly capitalized, reported, and depreciated.
28. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act and OMB Circular No. A-133, because we have not received, expended, or otherwise been the beneficiary of any federal awards over \$500,000 during the period of this audit.

Government Auditing Standards

29. We are responsible for compliance with laws and regulations applicable to the Agency, including the requirement of adopting, approving, and amending budgets.
30. We have identified and disclosed to you:
 - a. All laws and regulations that have a direct and material effect on the determination of financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

- b. Violations and possible violations of laws, regulations, and provisions of contracts and other agreements whose effects should be considered for disclosure in the auditor's report on noncompliance.
- 31. We have taken timely and appropriate action to evaluate and address fraud, illegal acts, violations of provisions of contracts or other agreements, or abuse that has been reported.
- 32. We have implemented a process to track the status of audit findings and recommendations.
- 33. We have identified for you previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of the audit being undertaken and the corrective action taken to address significant findings and recommendations.
- 34. We have provided you with our views on your reported findings, conclusions, and recommendations, as well as our planned corrective actions for the report, if any.
- 35. We have reviewed, approved, and take full responsibility for all adjustments, the financial statements, related notes, and required supplementary information and acknowledge the auditor's role in the preparation of this information.

Very truly yours,

HAMILTON COUNTY INDUSTRIAL DEVELOPMENT AGENCY



William H. Osborne, Executive Director