



February 5, 2018

Board of Directors
c/o Ms. Christy Wilt, Executive Director
Hamilton County Industrial Development Agency
P.O. Box 205
Lake Pleasant, New York 12180

Dear Board Members:

The Objective and Scope of the Audit of the Financial Statements

You have requested that we audit the financial statements of the Hamilton County Industrial Development Agency (Agency), which comprise the statement of net position as of December 31, 2017, the related statements of revenues, expenditures, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements. We understand that the financial statements will be prepared in accordance with accounting principles generally accepted in the United States of America and will not include supplementary information required by the Governmental Accounting Standards Board. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements.

The Responsibilities of the Auditor

We will conduct our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or fraud that are immaterial to the financial statements.

In making our risk assessments, we consider internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate to the Board of Directors (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledges and understands that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP);
2. To evaluate subsequent events through the date the financial statements are issued or available to be issued and to disclose the date through which subsequent events were evaluated in the financial statements. Management also agrees that they will not evaluate subsequent events earlier than the date of the management representation letter referred to below;
3. For the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and
4. To provide us with:
 - a. Access to all information of which management is 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 we may request from management for the purpose of the audit, and
 - c. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit, including among other items:

1. That management has fulfilled its responsibilities as set out in the terms of this letter, and
2. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that the Agency complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.



Management is responsible for the preparation of the required supplementary information (RSI) and supplementary information presented in relation to the financial statements as a whole in accordance with Governmental Accounting Standards Board. Management agrees to include the auditor's report on the RSI or supplementary information in any document that contains the supplementary information and indicates that the auditor has reported on such RSI or supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

The Board of Directors is responsible for informing us of its views about the risks of fraud within the entity, and its knowledge of any fraud or suspected fraud affecting the entity.

The Hamilton County Industrial Development Agency agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, the Hamilton County Industrial Development Agency agrees to contact us before it includes our reports, or otherwise makes reference to us, in any public or private securities offering.

Because BST & Co. CPAs, LLP will rely on the Hamilton County Industrial Development Agency and its management and Board of Directors to discharge the foregoing responsibilities, the Hamilton County Industrial Development Agency holds harmless and releases BST & Co. CPAs, LLP and its partners and employees from all claims, liabilities, losses and costs arising in circumstances where there has been a knowing misrepresentation by a member of Hamilton County Industrial Development Agency's management that has caused, in any respect, BST & Co. CPAs, LLP's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

Records and Assistance

If circumstances arise relating to the condition of the Agency's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in the Agency's books and records. The Agency will determine that all such data, if necessary, will be so reflected. Accordingly, the Agency will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Agency personnel, including the preparation of schedules and analyses of accounts, will be discussed and coordinated with Christy Wilt, Executive Director. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

If, in connection with our audit, you request us to perform accounting services necessary for the preparation of the financial statements (such as drafting the financial statements), you agree to designate an appropriate individual to oversee the services, make all management decisions involved in those services, evaluate the adequacy and results of the services, and accept responsibility for the results of the services.



Other Relevant Information

In accordance with GAS, a copy of our most recent peer review report is attached for your information.

Fees, Costs, and Access to Workpapers

Our fees for the audit and accounting services described above are based upon the value of the services performed and the time required by the individuals assigned to the engagement, plus direct expenses. Our fee estimate and completion of our work are based upon the following criteria:

1. Anticipated cooperation from Agency personnel;
2. Timely responses to our inquiries;
3. Timely completion and delivery of client assistance requests;
4. Timely communication of all significant accounting and financial reporting matters, and
5. The assumption that unexpected circumstances will not be encountered during the engagement.

If any of the aforementioned criteria are not met, then fees may increase. Based upon our understanding of your needs and our experience with your engagement and our proposal dated January 10, 2013, we estimate that we can complete the tasks described herein for \$2,700.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position. Accordingly, the Agency agrees it will compensate BST & Co. CPAs, LLP for any additional costs incurred as a result of the Agency's employment of a partner or professional employee of BST & Co. CPAs, LLP.

In the event we are requested or authorized by the Hamilton County Industrial Development Agency or are required by government regulation, subpoena or other legal process to produce our documents or our personnel as witnesses with respect to our engagement for the Hamilton County Industrial Development Agency, the Hamilton County Industrial Development Agency will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

Claim Resolution

The Hamilton County Industrial Development Agency and BST & Co. CPAs, LLP agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by BST & Co. CPAs, LLP or the date of this arrangement letter if no report has been issued. The Hamilton County Industrial Development Agency waives any claim for punitive damages. BST & Co. CPAs, LLP's liability for all claims, damages and costs of the Hamilton County Industrial Development Agency arising from this engagement is limited to the amount of fees paid by Hamilton County Industrial Development Agency to BST & Co. CPAs, LLP for the services rendered under this arrangement letter.

If any term or provision of this agreement is determined to be invalid or unenforceable, such term or provision will be deemed stricken and all other terms and provisions will remain in full force and effect.

Information Security - Miscellaneous Terms

BST & Co. CPAs, LLP is committed to the safe and confidential treatment of the Agency's proprietary information. BST & Co. CPAs, LLP is required to maintain the confidential treatment of client information in accordance with relevant industry professional standards which govern the provision of services described herein. The Agency agrees that it will not provide BST & Co. CPAs, LLP with any unencrypted electronic confidential or proprietary information, and the parties agree to utilize commercially reasonable measures



to maintain the confidentiality of the Agency's information, including the use of collaborate sites to ensure the safe transfer of data between the parties.

BST & Co. CPAs, LLP may terminate this relationship immediately in its sole discretion if BST & Co. CPAs, LLP determines that continued performance would result in a violation of law, regulatory requirements, applicable professional standards or BST & Co. CPAs, LLP's client acceptance or retention standards, or if the Agency is placed on a verified sanctioned entity list or if any director or executive of, or other person closely associated with, the Agency or its affiliates is placed on a verified sanctioned person list, in each case, including but not limited to lists promulgated by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. State Department, the United Nations Security Council, the European Union or any other relevant sanctioning authority.

Reporting

We will issue a written report upon completion of our audit of the Agency's financial statements. Our report will be addressed to the Board of Directors of the Agency. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph, or withdraw from the engagement.

Electronic Signatures and Counterparts

Each party hereto agrees that any electronic signature of a party to this agreement or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (i) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (ii) an electronic copy of a traditional signature affixed to a document, (iii) a signature incorporated into a document utilizing touchscreen capabilities or (iv) a digital signature. This agreement may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

This letter constitutes the complete and exclusive statement of agreement between BST & Co. CPAs, LLP and the Hamilton County Industrial Development Agency, superseding all proposals, oral or written, and all other communications with respect to the terms of the engagement between the parties.



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Please sign and return a copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities.

Very truly yours,

BST & Co. CPAs, LLP



Paul L. Goetz, Partner

PLG/emt
Attachment

Confirmed on behalf of the Hamilton County Industrial Development Agency:


Christy Wilt, Executive Director

2/13/2018
Date

