



May 29, 2020

Board of Directors  
Hamilton County Industrial Development Agency  
Lake Pleasant, New York 12180

This letter includes comments and suggestions with respect to matters that came to our attention in connection with our audit of the financial statements of Hamilton County Industrial Development Agency (the Agency) as of and for the year ended December 31, 2019. These items are offered as constructive suggestions to be considered part of the ongoing process of modifying and improving the Agency's practices and procedures.

### **Posting of Prior Year Journal Entries**

#### *Description*

While conducting our annual financial statement audit, BST & Co. CPAs, LLP (BST) noted that the prior year journal entries agreed to and accepted by management of the Agency were not properly reflected in the December 31, 2019 trial balance. As a client service to the Agency, we corrected the opening net position to properly reflect these prior period entries.

#### *Recommendation*

Using the detailed listing of journal entries provided by BST, management should reconcile their December 31, 2019 trial balance to match the audited financial statements. This reconciliation will help ensure the Board of Directors is provided with accurate interim financial information.

### **Mission and Powers of Industrial Development Agencies (IDAs)**

#### *Description*

IDAs can offer several benefits to private companies as inducements for them to relocate to, expand in or remain in their jurisdictions. Statute provides the following:

- IDAs have been legally empowered to acquire, own, and dispose of property.
- IDAs are able to directly issue debt.
- Real property owned by IDAs is exempt from property taxes and mortgage recording taxes.
- Purchases made in support of approved projects are eligible for exemption from State and local sales taxes.

The Agency is engaged in economic development lending activities, which may not be a permissible activity as defined by Industrial Development Agency Act of 1969 and governed by the provisions of Article 18-A of the General Municipal Law.

Board of Directors  
Hamilton County Industrial Development Agency  
May 29, 2020  
Page 2

*Recommendation*

The Agency in conjunction with their counsel, should determine whether IDA related lending activities are consistent and permissible under New York State law.

This letter is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties. We appreciate serving Agency and would be happy to assist you in addressing and implementing any of the suggestions in this letter.

Very truly yours,

BST & CO. CPAs, LLP

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