

MONTGOMERY COUNTY INDUSTRIAL DEVELOPMENT AGENCY

2021 ASSESSMENT OF INTERNAL CONTROLS

The Montgomery County Industrial Development Agency (MCIDA) is a public benefit corporation authorized and empowered by the provisions of Chapter 1030 of 1969 Laws of New York, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended (the "Enabling Act") and Chapter 666 of the 1970 Laws of New York, as amended, constituting Section 895-d of said General Municipal Law (said Chapter and the Enabling Act being hereinafter collectively referred to as the "Act") to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial, research and recreation facilities, among others, for the purpose of promoting, attracting and developing economically sound commerce and industry to advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York, to improve their prosperity and standard of living, and to prevent unemployment and economic deterioration.

The mission of the agency is to assist in creating and maintaining jobs, thereby strengthening the economic base of the community as well as improving the quality of life of the residents of Montgomery County. This mission is accomplished by providing access to real estate solutions through the development of "shovel ready industrial parks", offering financial assistance and incentives along with business development and technical assistance to businesses looking to expand or locate in Montgomery County.

The MCIDA has a seven-member board of directors appointed by the Montgomery County Legislature. It is supported financially by Montgomery County, its own project administration generated fees, and administration fees from the County Revolving Loan Fund. Operating staff consists of: Chief Executive Officer (CEO), Chief Financial Officer (CFO), Economic Development Specialist and Economic Development Program Assistant.

The MCIDA administers two revolving loan funds that are currently available to manufacturing and small businesses in Montgomery County. In addition, the MCIDA is authorized to offer certain incentives to qualifying businesses when they make investments in Montgomery County that will lead to the creation or retention of jobs. These incentives may include:

- ***Tax-Exempt and Taxable Bonds***

Fund most or all project costs with this incentive. The MCIDA makes low-interest industrial revenue bonds (IRBs) available to qualifying manufacturers. These bonds encourage lenders to provide project financing at interest rates below market and apply to the cost of land, buildings and equipment.

- ***Real Property Tax Abatement***
MCIDA negotiates payments in lieu of taxes (PILOTs) on real property.
- ***Sales and Use Tax Exemption***
Benefit from tax exemptions of up to 8 percent on non-production equipment and construction materials.
- ***Mortgage Recording Exemption***
Finance a mortgage with a tax exemption of 3 to 4 percent on the amount financed.

Part of the administration of the revolving loan funds and the PILOT program requires billing and receiving payments on all open loans and PILOT's. Payments are received in this office as accounts become due. Cash payments are discouraged. In addition, the MCIDA processes accounts payable regularly and is responsible for a portion of the payroll functions. The Agency utilizes ADP for payroll processing.

The receipt and recording of the mail is performed by the Program Assistant and reviewed by the CFO, 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. The following is a review of the Internal Control System currently in place:

- All checks require two signatures
- All paid bills are audited by an appointed member of the board monthly at minimum
- All bank accounts are recorded through QuickBooks (accounting program) which allows for simple and clear tracking and reporting of all transactions
- Amortization Statements are prepared at the loan closing and payments are sent to the Montgomery County Treasurer for processing.
- The CFO calculates and prepares all PILOT bills
- As payments come in the Program Assistant opens, makes copies and turns them over to the CFO to be reviewed and distributed to the applicable taxing jurisdiction
- A tracking sheet is prepared regularly by the CFO that includes all revolving loan, a copy is provided to the Executive Director
- A tracking sheet is prepared regularly by the CFO in regards to all PILOT billing and payment activity, a copy is provided to the Executive Director routinely
- The RLF tracking sheet is emailed to the full Board of Directors for review prior to each board meeting and a paper copy is also provided to everyone at the meeting. The PILOT tracking is emailed as necessary as well
- The CFO reconciles all bank statements monthly and reports any discrepancies to the Board Treasurer
- The CFO prepares a monthly operating financial report using QuickBooks 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 MCIDA. This

report is provided to the Board of Directors, the NYS Authorities Budget Office, State Comptroller, Montgomery County Executive and is made available on the MCIDA web site at www.montgomerycountyworks.com

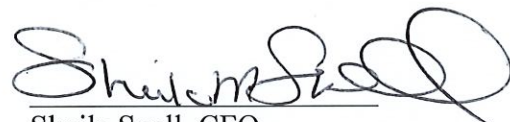
The Chief Executive Officer and the Board of Directors is responsible to provide oversight of all of operations of the MCIDA.

This statement certifies that management and the board of directors have documented and assessed the internal control structure and procedures of the Montgomery County Industrial Development Agency for the year ending December 31, 2021. 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; therefore, no Management Letter was issued.

Completed: March 4, 2022


Kenneth Rose, CEO


Sheila Snell, CFO