KLDC

KINGSTON LOCAL DEVELOPMENT CORPORATION

-2017-

ASSESSMENT OF EFFECTIVENESS OF INTERNAL CONTROL STRUCTURE AND PROCEDURES

The City of Kingston Local Development Corporation was incorporated on May 26, 1994 pursuant to the New York State Not-For-Profit Corporation Law. The LDC was created as a non-profit Local Development Corporation with jurisdiction in the City of Kingston. Independent accountants review the internal controls structure and procedures of the City of Kingston Local Development Corporation on an annual basis.

The Kingston Local Development Corporations' mission is to stimulate investment within the City of Kingston that results in quality of life and economic sustainability for its residents. The KLDC assists businesses with "gap" financing through our Revolving Loan Program, approving projects that may not be conventionally financed in whole or part. The KLDC promotes and assists in the growth and development of business concerns within the City of Kingston by helping to provide access to capital and programs for businesses and projects that create jobs, stabilize and increase the real property tax base, and contribute to the revitalization of the City's neighborhoods. Particularly, the Corporation encourages location expansion of industrial, manufacturing, and commercial capacity and the creation and retention of job opportunities.

Payroll – The Fiscal person completes the payroll/timesheet and voucher then submits them to the President of the KLDC and City of Kingston Comptroller for approval and signatures. Once appropriate signatures are obtained, entries are then made into the accounting system and a check is written to the City of Kingston Comptroller's Office who in turn processes payroll through the City of Kingston's payroll department. Copies of all payroll records, vouchers and copies of checks are maintained in financials office. Expenditures are reviewed and verified by KLDC Treasurer.

Accounts Payable- A voucher process is utilized and all vouchers require review of supporting documentation and verification of the person preparing the voucher and payment. Once appropriate signatures are obtained, entries are then made into the accounting system and a check is written. All checks require two signatures, generally the President and Executive Director. In the absence of the aforementioned, the Vice President would be the second signature. Expenditure vouchers are reviewed and verified by KLDC Treasurer.

Accounts Receivable – All monies received by the KLDC are recorded into a main check register within the accounting system by the Fiscal person, who then endorses all checks for deposit,

creates a deposit slip for each bank account and delivers them to the appropriate financial institution for deposit into the appropriate bank account. All bank reconciliations are reviewed and verified by KLDC Treasurer.

Investments – The KLDC does not have any investments.

The KLDC undergoes an annual financial audit by an independent CPA firm. While auditors are not engaged to perform and audit of internal controls, the auditors do provide management letter comments when they encounter internal weaknesses. They have not identified any deficiencies in internal control that they consider to be material weaknesses. If a weakness was noted, it would be addressed by the Finance & Audit Committee. A change in protocol would be made to reduce any associated risk diminishing weakness in the internal control and a solution would then be presented to the full Board.

Based upon the procedures set forth herein, the efforts of the KLDC staff & Board ensure that the internal control structure operates effectively and this structure appears to be sufficient.