

COUNTY OF LEWIS INDUSTRIAL
DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF
LEWIS, NEW YORK

FINANCIAL STATEMENTS
May 31, 2022

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INDEPENDENT AUDITOR'S REPORT

**BOARD OF DIRECTORS
COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the **COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY** (Agency), a New York Public Benefit Corporation and a component unit of the County of Lewis, New York, as of and for the year ended May 31, 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the County of Lewis Industrial Development Agency, as of May 31, 2022, and the changes in financial position, and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County of Lewis Industrial Development Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 13 to the financial statements, the May 31, 2021, net position has been restated to record a prior period adjustment. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Lewis Industrial Development Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County of Lewis Industrial Development Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether in our judgment, there are conditions or event, considered in the aggregate that raise substantial doubt about the County of Lewis Industrial Development Agency's ability to continue as a going concern for a reasonable period of time.

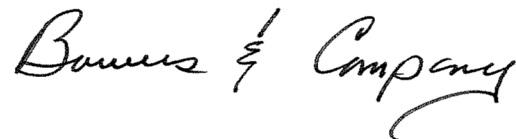
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal-control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2022 on our consideration of the County of Lewis Industrial Development Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Lewis Industrial Development Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Lewis Industrial Development Agency's internal control over financial reporting and compliance.



Watertown, New York
August 4, 2022

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2022

INTRODUCTION

The following is the County of Lewis Industrial Development Agency's (the Agency) Management Discussion and Analysis (MD&A) of financial activities and performance for the fiscal year ended May 31, 2022. Information contained in the MD&A has been prepared by the Agency management and should be considered in conjunction with the financial statements and the notes to the financial statements to better understand the Agency's financial position.

OPERATION HIGHLIGHTS

The Agency is a self-funded, public benefit corporation, which was created by Article 18A of the General Municipal Law, to help attract and enhance industrial development, create jobs and maintain economic stability within Lewis County. Our secondary function is to strengthen partnerships, collaborate and assist other agencies and county departments with tourism, natural resources, retail, wholesale, professional and community enhancements, making Lewis County a great place to live, work, build business and play.

The Agency has ongoing projects in which a payment in lieu of taxes, sales tax or mortgage recording tax exemption took place. These projects include Johnson Lumber, Solitude Solar Turin Solar, Carthage Solar Fund, Copenhagen Wind, Flat Rock Wind, Roaring Brook Wind, Number 3 Wind, Brandt's Butcher Block, Lakeside Generation, MA&N Rail, MDBB Enterprises, Otis Technology, and Victorian Lake. Additionally, the Agency administers revolving loan funds and CDBG Grant funds for several local businesses.

During this fiscal year, the Agency continued to support new and existing businesses, as well as large manufacturers. In cooperation with our partners, Lewis County, Lewis County Chamber of Commerce, Cornell Cooperative Extension, and the Watertown Small Business Development Center, we provided consulting and business training services to entrepreneurs and business owners. The Agency launched the DBA Lewis County Entrepreneurship Program, which is creating an entrepreneurial eco-system, providing technical assistance services to new and existing businesses to start or scale-up their operations. Partnerships are key to business development and growth initiatives in Lewis County.

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
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MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2022

OPERATION HIGHLIGHTS - Continued

The County of Lewis Industrial Development Agency is a small entity focused on promoting living, working and building business in Lewis County through its *Naturally Lewis* brand. Through this, we promote our strengths in agriculture, natural resources, small businesses and recreation. Recently, the agency has partnered more extensively with the Lewis County Chamber of Commerce to better support businesses, grow the number of people that live and work here and drive increased visitor spending.

In 2021-22 Board and Staff continued to prioritize key strategies to guide the Agency's operations and economic development efforts in Lewis County. Key focus areas continue to be:

- ❖ Developing Partnerships
- ❖ Policy Development
- ❖ Research & Education
- ❖ Outreach & Visibility
- ❖ Strategic Funding Development

BASIC FINANCIAL STATEMENTS

The basic financial statements are designed to provide readers with a broad overview of the Agency's finances in a manner similar to a private-sector business.

The statement of net position presents information on all the Agency's assets, deferred outflows of resources, deferred inflows of resources and liabilities. Net position, the difference between the Agency's assets, deferred outflows of resources, deferred inflows of resources and liabilities, is one way to measure the Agency's health or *position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating. Net position increases when revenues exceed expenses. Increases to assets without corresponding increases to liabilities will also result in increased net position, which indicates an improved financial position.

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
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MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2022

BASIC FINANCIAL STATEMENTS - Continued

The statement of revenues, expenses, and changes in net position presents information showing how the Agency's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The statement of cash flows provides information on the major sources and uses of cash during the year. The cash flow statement portrays net cash provided or used from operating, investing, capital, and non-capital financing activities.

NOTES TO THE FINANCIAL STATEMENTS

The notes are essential to a full understanding of the data contained in the financial statements. The goal is to provide readers an objective and easily understood overview of the Agency's financial performance.

FINANCIAL HIGHLIGHTS

- Total assets at May 31, 2022 were \$5,012,254. This was an increase of \$1,267,738 over total assets of \$3,744,516, as restated at May 31, 2021. The increase was attributed to the current year other receivables for agency fees.
- Total liabilities at May 31, 2022 were \$365 as compared to total liabilities of \$2,158 at May 31, 2021.

COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
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MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2022

OVERVIEW OF FINANCIAL STATEMENTS

Condensed Comparative Financial Statements

The following provides an overview of the Agency assets, liabilities, and net position at the close of fiscal years May 31, 2022 and 2021:

Condensed Statements of Net Position

	2022	2021 Restated
ASSETS		
Current and Other Assets	\$ 3,429,038	\$ 2,252,853
Restricted Assets	180,725	243,821
Capital Assets	165,031	313,274
Purchase Options on Real Estate	-	20,000
Other Receivables, Net	918,851	525,000
Loans Receivables, Net	318,609	389,568
Total Assets	<u>\$ 5,012,254</u>	<u>\$ 3,744,516</u>
LIABILITIES		
Current/Total Liabilities	<u>\$ 365</u>	<u>\$ 2,158</u>
NET POSITION		
Net Investment in Capital Assets	\$ 165,031	\$ 313,274
Restricted	180,725	243,821
Unrestricted	4,666,133	3,185,263
Total Net Position	<u>\$ 5,011,889</u>	<u>\$ 3,742,358</u>

Refer to the Statement of Net Position in the financial statements for more detail.

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
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MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2022

OVERVIEW OF FINANCIAL STATEMENTS - Continued

Analysis of Change in Net Position and Results of Operations

	2022	2021 Restated
OPERATING REVENUES		
Agency Fees	\$ 1,551,926	\$ 714,993
Rental Income	20,697	10,073
Contract Revenue	202,188	192,000
Operating Grant Revenue	-	97,748
Bad Debt Recovery	6,202	7,167
Interest from Loans Receivables	16,076	26,688
Total Operating Revenues	<u>1,797,089</u>	<u>1,048,669</u>
OPERATING EXPENSES		
General Operations	256,457	252,779
Professional Fees	21,365	25,527
Depreciation	3,371	5,424
Other	171,998	132,696
Total Operating Expenses	<u>453,191</u>	<u>416,426</u>
Operating Income	1,343,898	632,243
NON-OPERATING REVENUES (EXPENSES)		
Loss on Sale of Building	(71,691)	-
Other Grant Expense	(2,951)	-
Interest Revenue	275	242
Total Non-Operating Revenues	<u>(74,367)</u>	<u>242</u>
Change in Net Position	1,269,531	632,485
Net Position, Beginning of Year	3,742,358	3,109,873
Net Position, End of Year	<u>\$ 5,011,889</u>	<u>\$ 3,742,358</u>

Refer to the Statement of Revenues, Expenses, and Changes in Net Position in the financial statements for more detail.

The Condensed Statements of Revenue, Expenses, and Changes in Net Position show how the Agency's net position changed during the most recent year and the previous year.

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2022

OVERVIEW OF FINANCIAL STATEMENTS - Continued

The change in net position was \$1,269,531 for the year ended May 31, 2022. This was an increase of \$637,046 over the year ended May 31, 2021. The increase was attributed to an increase in agency fees of \$836,933.

CAPITAL ASSETS, NET

The Agency's capital assets as of May 31, 2022 and 2021 are summarized as follows.

	2022	2021
Capital Assets	\$ 101,666	\$ 251,666
Construction in Progress	74,314	74,314
	<hr/> 175,980	<hr/> 325,980
Accumulated Depreciation	<hr/> (10,949)	<hr/> (12,706)
Capital Assets, Net	<hr/> <u>\$ 165,031</u>	<hr/> <u>\$ 313,274</u>

During the fiscal year ended May 31, 2022, the Agency sold the Lyonsdale commercial property for \$73,182 net of closing costs. The Agency recognized a loss of \$71,691 on the sale of the property.

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2022

ECONOMIC FACTORS AND FUTURE OUTLOOK

During the 2021-2022 year, several projects were started which will enhance the economy for 2022-2023. They are:

- Wind and Solar Projects –The Agency continues to be involved in negotiations for wind and solar projects as developers begin to seek sales tax, property tax and mortgage recording tax benefits. As the fiscal year closed there were three large wind projects and seven solar projects in various stages of development. The Agency continues to evolve our Universal Tax Exemption Policy and Solar Policy to better partner with Lewis County to capitalize on this economic opportunity while preserving and protecting other key industries.
- Roaring Brook Wind – This 80MW wind energy project in Martinsburg, NY is nearing operational and will begin PILOT payments in 2023.
- Number Three Wind – This 104MW wind energy project in Lowville, NY was approved for payment in lieu of tax, sales tax exemption and mortgage recording tax exemption incentives in this fiscal year. Site work began in 2021 with construction of the towers occurring in 2022, when it will then become operational. PILOT payments are expected to begin in 2023.
- Solitude Solar Lowville Waters Rd Unit A – This 5MW solar project in Lowville, NY has completed construction and will be operational in 2022, with PILOT payments beginning in 2023.
- Solitude Solar Lowville Waters Rd Unit B – This 2MW solar project in Lowville, NY has completed construction and will be operational in 2022, with PILOT payments beginning in 2023.
- Solitude Solar Flat Rock Rd – This 4.8MW solar project in Martinsburg, NY has completed construction and will be operational in 2022, with PILOT payments beginning in 2023.
- Solitude Solar Glendale Rd – This 1.8MW solar project in Martinsburg, NY has completed construction and will be operational in 2022, with PILOT payments beginning in 2023.
- ClearPath Energy, LLC Farney Project – This 3MW solar project in New Bremen, NY was approved for incentives in 2021, with final agreements and construction expected in 2022.

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2022

ECONOMIC FACTORS AND FUTURE OUTLOOK - Continued

- ClearPath Energy, LLC Zehr Project – This 3MW solar project in New Bremen, NY was approved for incentives in 2021, with final agreements and construction expected in 2022.
- Martinsburg CSG, LLC – This 2.2MW solar project in Martinsburg, NY was approved for incentives in 2021, with final agreements and construction expected in 2022.
- Port Leyden Portal – This school building reuse project was approved for incentives in 2021, with PILOT payments set to begin in 2023.
- Tug Hill Roasters Old Jail Project – This jail building reuse project was approved for incentives in 2021, with agreements expected to be signed in 2022 for PILOT payments starting in 2024.
- Lyons Falls Mill –The Agency is partnering with the LCDC on the redevelopment of the mill site as the four-phase demolition project has come to completion. Four companies are now located on or adjacent to the mill site, including a hydropower company, a dairy processing facility, a local foods hub and a data mining company. The Agency continues to work with the LCDC on future development of the site, which includes the future sale of the High Falls Building and land to an existing tenant.
- Lyonsdale Biomass Property – The Agency acquired the former Lyonsdale / ReEnergy Biomass property in 2020. An RFP process netted a buyer who is working toward purchase of the property to develop a USDA meat processing facility on the site. Sale of the property occurred in 2021.
- The Agency Board, Executive Director and staff are actively considering new projects to enhance sustainable revenue opportunities and provide more opportunities for projects to benefit private businesses. In 2021 - 2022, the Agency has continued its partnership with Lewis County Development Corporation and the Lewis County Chamber of Commerce. The coordination of these entities will benefit overall program efforts.
- Hand in Hand Building Sale – The Agency received payment in full for this property in 2022 and no longer holds a mortgage on it.

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
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MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2022

CONTACT MANAGEMENT

This financial report is designed to provide the public with a general overview of the Agency finances and to show the Agency's accountability for the money it manages. If you have any questions concerning any information provided in this report or need additional financial information contact:

Contact:

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7551 South State Street
Lowville, NY 13367
Phone: (315) 376-3014
Email: brittany@naturallylewis.com
Web Address: www.naturallylewis.com

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

AUDITED BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

May 31, 2022

ASSETS

CURRENT ASSETS

Cash	\$ 2,958,588
Accounts Receivable	6,969
Prepaid Expense	1,085
Current Portion of Loans Receivable	47,779
Current Portion of Other Receivables	414,617
Total Current Assets	<u>3,429,038</u>

RESTRICTED ASSETS

Restricted Cash	172,497
Loans Receivable, Net	8,228
Total Restricted Assets	<u>180,725</u>

NON CURRENT ASSETS

Loans Receivable, Net of Current Portion	318,609
Other Receivables, Net of Current Portion	918,851
Capital Assets, Net	165,031
Total Other Assets	<u>1,402,491</u>
TOTAL ASSETS	<u><u>\$ 5,012,254</u></u>

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts Payable	\$ 365
TOTAL LIABILITIES	<u><u>\$ 365</u></u>

NET POSITION

Net Investment in Capital Assets	\$ 165,031
Restricted	180,725
Unrestricted	4,666,133
TOTAL NET POSITION	<u><u>\$ 5,011,889</u></u>

COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended May 31, 2022

OPERATING REVENUES	
Rental Revenue	\$ 20,697
Agency Fees	1,551,926
Contract Revenue	202,188
Bad Debt Recovery	6,202
Interest From Loans Receivable	16,076
Total Operating Revenues	<u>1,797,089</u>
OPERATING EXPENSES	
Salaries and Wages	165,241
Payroll Taxes and Employee Benefits	21,653
Building Occupancy Expenses	8,935
Depreciation	3,371
Dues and Subscriptions	2,127
Economic Development Expenses	171,998
Insurance	2,499
Marketing	30,415
Office Supplies and Expenses	8,180
Professional Fees	21,365
Rent	4,570
Travel and Conferences	9,384
Utilities	3,453
Total Operating Expenses	<u>453,191</u>
OPERATING INCOME	<u>1,343,898</u>
NON-OPERATING REVENUES (EXPENSES)	
Loss on Sale of Building	(71,691)
Other Grant Expense	(2,951)
Interest Revenue	275
Total Non-Operating Revenues (Expenses)	<u>(74,367)</u>
Change in Net Position	1,269,531
Net Position, Beginning of Year, As Restated	<u>3,742,358</u>
Net Position, End of Year	<u>\$ 5,011,889</u>

See notes to audited basic financial statements.

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

STATEMENT OF CASH FLOWS

Year Ended May 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Principal Loan Collections	\$ 251,517
Cash Received from Interest on Loans Receivables	15,857
Cash Received from Administrative Fees	955,958
Cash Received from Rental Income	20,697
Cash Received from Contract Revenue	202,188
Cash Payments for Salaries and Benefits	(190,493)
Cash Payments for Suppliers of Goods and Services	(90,069)
Cash Payments for Projects	(151,998)
Cash Payments for Loan Originations	<u>(135,000)</u>
Net Cash Provided By Operating Activities	<u>878,657</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Nonoperating Grant Expended	<u>(2,951)</u>
Net Cash Used In Noncapital Financing Activities	<u>(2,951)</u>
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES	
Proceeds from Sale of Capital Assets	<u>73,182</u>
Net Cash Provided By Capital and Financing Activities	<u>73,182</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Earned	<u>275</u>
Net Cash Provided By Investing Activities	<u>275</u>
Net Increase in Cash	949,163
Cash, Beginning of Year	<u>2,181,922</u>
Cash, End of Year	<u><u>\$ 3,131,085</u></u>
RECONCILIATION TO THE STATEMENT OF NET POSITION	
Cash	\$ 2,958,588
Restricted Cash	<u>172,497</u>
Total Cash	<u><u>\$ 3,131,085</u></u>

See notes to audited basic financial statements.

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

STATEMENT OF CASH FLOWS - CONTINUED

Year Ended May 31, 2022

Reconciliation of Operating Income to Net Cash Used In

Operating Activities:

Operating Income	\$ 1,343,898
Depreciation	3,371
Bad Debt Recovery	(6,202)
(Increase) Decrease in Operating Assets:	
Prepaid Expenses	(947)
Accounts Receivable	(3,219)
Interest Receivable	3,000
Loans Receivable	116,517
Other Receivables	(595,968)
Purchase Options on Real Estate	20,000
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	341
Accrued Expenses	(2,134)

Net Cash Provided By Operating Activities \$ 878,657

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2022

NOTE 1 – NATURE OF OPERATIONS

Financial Reporting Entity

The County of Lewis Industrial Development Agency (the “Agency”) is a public benefit corporation, which was established under Title 1 of Article 18-A of the General Municipal Law of the State of New York for the purpose of promoting employment, attracting industry and businesses to the community or area and to lessen the burdens of government and act in the public interest. The Agency is considered to be a component unit of Lewis County since the Lewis County Board of Legislators appoints the Agency’s board of directors. Lewis County omits the Agency’s financial statements as a component unit in their financial statements since the Agency board members have complete responsibility for the management of the Agency and accountability for fiscal matters.

The governing body of the County of Lewis Industrial Development Agency is substantially the same as the governing body of the Lewis IDA Community Development Corporation (the “Corporation”); therefore, the financial information of the Corporation would be reported with the financial information of the Agency if there were activity in the Corporation. However, the corporation has been dormant for several years and there are no assets or liabilities. The Corporation is a nonprofit organization and is exempt from federal tax under Section 501(c) (3) of the Internal Revenue Code.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Agency’s financial statements are reported using the economic resources measurement’s focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Agency’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. In accordance with GASB Statement No. 62, the Agency’s proprietary funds follow all FASB statements issued prior to November 30, 1989 until subsequently amended, superseded or rescinded. The Agency also applies all FASB statements issued after November 30, 1989 that are developed for business enterprises, unless those statements conflict with or contradict a GASB statement.

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2022

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

**Measurement Focus, Basis of Accounting and Financial Statement Presentation -
Continued**

The Agency’s basic financial statements are presented in conformance with the provisions of GASB Statement No. 34, “Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments”.

Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets—This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, loans, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

Restricted Net Position—This component of net position consists of constraints placed on net position through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position—This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2022

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash

For purposes of the statement of cash flows, the Agency considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents at May 31, 2022.

Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. As of May 31, 2022, management has determined based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary. Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Loans Receivable

Loans receivable are stated at unpaid principal balance. Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

Loans receivable are stated at the amount management expects to collect from balances outstanding at year-end. Management provides for probable uncollectible accounts through a provision for bad debt expense and an adjustment to an allowance for loan losses based on a loan rating system. The loan rating classifications are 1) Satisfactory, 2) Watch, and 3) Substandard. A percentage of each loan is allocated to the allowance calculation based on its classification. Management's periodic evaluation of the loan risk ratings is based on specific criteria such as past loan loss experience, cash flows, and estimated value of any underlying collateral. It is the Agency's policy to charge off uncollectible loans receivable when management determines the receivable will not be collected.

Other Receivables

Other receivables represent agency fees for administration of PILOT agreements to be received in annual installments over a period of five years. As of May 31, 2022, management has determined based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is deemed necessary.

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2022

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets

Capital assets are recorded at cost if purchased; or at fair market value on the date of gift, if donated. The Agency adopted a formal capitalization policy. Expenditures for major renewals and betterments that exceed \$1,000 and extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Buildings are depreciated using the straight-line method over a useful life of thirty-nine years. Furniture and equipment are depreciated on the straight-line basis over seven years.

Revenue and Expenses

Revenue and expenses are distinguished between operating and non-operating items. Operating revenues generally result from providing services in connection with the Agency's principal ongoing operations. The principal operating revenues of the Agency are fees and interest revenue for administering bond issuances, PILOTs, and loan services. Operating expenses include the costs associated with the loan services, administrative expenses and depreciation on capital assets. Expenses that are for the development of economic activities are included in project expenses under operating expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Payment in Lieu of Tax Agreements

The Agency has entered a Payment in Lieu of Tax (PILOT) agreement with various companies, whereas the company will make annual payments in lieu of taxes to the Agency and the Agency will remit annual payments to the appropriate tax jurisdictions. The Agency reports no revenues or expenses related to the PILOT programs as amounts are only passed-through the Agency.

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2022

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Date of Management’s Review

Management has evaluated subsequent events through August 4, 2022, the date which the financial statements were available to be issued. Management has determined no such events have occurred.

NOTE 3 – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS

The Agency's investment policies are governed by state statutes. The Agency's monies must be deposited in FDIC insured commercial banks or trust companies located within the state or obligations of the U.S. treasury and U.S. Agencies.

Collateral is required for demand and time deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

Deposits are valued at cost or cost-plus interest and are categorized as follows:

1. Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the entity’s name; or
2. Uncollateralized.

Total financial institution (bank) balances at May 31, 2022 per the banks were \$2,857,196. These deposits are categorized as follows:

(1)	(2)
\$2,857,196	\$ -

The Agency does not typically purchase investments and is not exposed to any material interest rate risk. The Agency does not typically purchase investments denominated in foreign currency and is not exposed to foreign currency risk.

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2022

NOTE 4 – CAPITAL ASSETS, NET

Capital Assets, Net at May 31, 2022 are as follows:

	Beginning Balance		Increases		Decreases		Ending Balance
Non-Depreciable Assets:							
Land and Land Improvements	\$ 40,166	\$	-	\$	(30,000)	\$	10,166
Construction in Progress	74,314		-		-		74,314
Depreciable Assets:							
Buildings	211,500		-		(120,000)		91,500
Total	325,980		-		(150,000)		175,980
Less - Accumulated Depreciation	12,706		3,371		(5,128)		10,949
Capital Assets, Net	<u>\$ 313,274</u>	\$	<u>(3,371)</u>	\$	<u>(144,872)</u>	\$	<u>165,031</u>

The Agency has identified a site for a future business park near the Village of Lowville and has also invested in a former manufacturing site. The Agency has incurred preliminary site costs in the amount of \$74,314 which is reported as Construction in Progress at May 31, 2022.

The Agency owns a building located at Trinity Avenue in Lowville, New York. The carrying value of the property is \$90,717 as of May 31, 2022. The monthly rent of \$972 is scheduled from September 25, 2019 through September 24, 2026 and \$1,458 per month from September 25, 2026 through September 24, 2027.

The future minimum rental revenues to be collected are as follows:

2023	\$ 11,664
2024	11,664
2025	11,664
2026	11,664
2027	15,552
Thereafter	<u>5,832</u>
Total	<u>\$ 68,040</u>

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2022

NOTE 5 – LOANS RECEIVABLE, NET

Loans Receivable consist of mortgage receivables for property and installment lease receivables for equipment. These receivables are originated with unrestricted funds of the Agency and approved by the governing board for the purpose of economic development. As of May 31, 2022, the unrestricted loans receivable, net of the allowance for loan losses were \$366,388.

The Agency has established a microenterprise loan program to provide small eligible businesses with loans to stimulate businesses activity through start-up and expansion projects. This program was funded with \$79,000 of unused HUD CDBG monies from Lewis County. The Agency and County maintain a service agreement for the administration of the program. The receivables are restricted for the microenterprise loan program. As of May 31, 2022, the loans receivable balance net of the allowance restricted for the microenterprise loan program was \$4,256.

The Agency also participates in the USDA Rural Business Enterprise Grant (RBEG) revolving loan fund program. Per the terms of the grant agreement the receivables are restricted for the RBEG program. As of May 31, 2022, the loans receivable balance net of the allowance restricted for the RBEG loan program was \$3,972.

Loans Receivable, net consist of the following at May 31, 2022:

The Agency entered into a note and mortgage agreement with Black Moose Development, LLC on May 10, 2011 in the amount of \$100,000. The mortgage was originally executed between Black Moose Development, LLC and Michael R. Johnson. On May 5, 2011 Mr. Johnson assigned the mortgage to the County of Lewis Industrial Development Agency. The mortgage created a lien on real estate located in the Village of Lyons Falls, New York. The interest rate is 3.00% per year. The Agency shall receive annual payments of interest only beginning on May 10, 2012 through April 10, 2022. Beginning on May 10, 2022, the Agency shall receive monthly installments of principal plus interest each month through the maturity date of April 10, 2032.	\$ 100,000
On September 25, 2017, the Agency entered into an installment sale agreement with Skewed Brewing to purchase equipment for \$186,980 at an interest rate of 4.00% over ten years. Monthly payments will begin on October 25, 2017, in the amount of \$946.54 until September 25, 2019. Monthly payments in the amount of \$1,893 will be due during the period beginning October 25, 2019 and ending September 25, 2025. Monthly payments of \$3,195 will be due for the period beginning January 25, 2026 and ending December 25, 2027.	149,373

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2022

NOTE 5 – LOANS RECEIVABLE, NET - Continued

<p>On September 25, 2017, the Agency entered into an agreement with Skewed Brewing to provide a loan in the amount of \$29,500 for a period of 5 years with an interest rate of 4.00%. Principal and interest payments of \$598 are due beginning August 1, 2018 through January 1, 2023.</p>	9,300
<p>On December 27, 2018, the Agency entered in an installment sale agreement with Black River Valley Natural, LLC to purchase equipment for \$22,000 at an interest rate of 5% over 10 years (120 payments). Monthly principal and interest payments in the amount of \$233 are due at the beginning of each month beginning February 1, 2019 and ending January 1, 2029.</p>	16,345
<p>On September 2, 2021, the Agency entered in an installment sale agreement with Snow Ridge Resort, LLC to purchase equipment for \$135,000 at an interest rate of 4.25% over 10 years (120 payments). Monthly principal and interest payments in the amount of \$1,383 are due at the beginning of each month beginning October 1, 2021 and ending September 1, 2031.</p>	127,649
<p>Total Loans Receivable</p>	402,667
<p>Less: Allowance for Loan Loss</p>	(28,051)
<p>Less: Current Portion</p>	(47,779)
<p>Loans Receivable, Net</p>	<u>\$ 326,837</u>
<p>Reconciliation of Loans Receivable, Net to Statements of Net Position</p>	
<p>Restricted Assets - Loans Receivable, Net</p>	8,228
<p>Noncurrent Assets - Loans Receivable, Net</p>	318,609
<p>Total Loans Receivable, Net</p>	<u>\$ 326,837</u>

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2022

NOTE 5 – LOANS RECEIVABLE, NET - Continued

Annual principal future maturities of the loan receivables as of May 31, 2022 are as follows:

2023	\$	47,779
2024		44,553
2025		43,355
2026		43,892
2027		44,452
Thereafter		178,636
Total	\$	<u>402,667</u>

Credit Quality Information

Credit quality as of May 31, 2022 is as follows:

Internally assigned grade:

Satisfactory – loans in this category show the borrower is responsible for the credit, financial statements are current, of good quality and in adequate detail, financial condition is generally on par with the industry average, earnings are generally profitable, cash flow is sufficient, borrower adheres to repayment schedule and loan covenants, integrity and ability of management are good, and collateral is adequate.

Watch – loans in this category contain higher risk profiles but credit is generally current, and the loan is being paid as agreed. These loans may be missing current financial statements, financial conditions is below industry average, the borrower is experiencing negative trends or unstable financial performance, cash flow may be potentially inadequate, borrower adheres to repayment schedule but may have violated loan covenants, integrity of management is good, collateral is moderate, and the business may be closing.

Substandard – loans in this category are inadequately protected by the current sound worth and paying capacity of the borrower or of the collateral pledged. These loans hold the distinct possibility that the Agency will sustain some losses if the deficiencies are not corrected.

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2022

NOTE 5 – LOANS RECEIVABLE, NET - Continued

Credit Quality Information - Continued

May 31, 2022	Satisfactory	Watch	Substandard	Total Loans Receivable
Real Estate and Equipment Loans Receivable	\$ 243,994	\$ 149,373	\$ -	\$ 393,367
Micro Enterprise Loans Receivable	-	4,808	-	4,808
RBEG Program Loans Receivable	-	4,492	-	4,492
	<u>\$ 243,994</u>	<u>\$ 158,673</u>	<u>\$ -</u>	<u>\$ 402,667</u>

The aging of the Loans Receivable portfolio as of May 31, 2022 is summarized as follows:

May 31, 2022	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Current	Total Loans Receivable
Loans Receivable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 158,673</u>	<u>\$ 243,994</u>	<u>\$ 402,667</u>

The allowance for loan losses is based on management's loan risk ratings. The funding of the allowance account is adjusted based on the loan risk rating calculation. The allowance for loan losses at May 31, 2022 is \$28,051.

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2022

NOTE 5 – LOANS RECEIVABLE, NET - Continued

Activity in the allowance for loan losses is as follows:

Balance - May 31, 2021	\$ 34,253
Provision for Loan Loss	-
Recovery	(6,202)
Write-offs	-
	-
Balance - May 31, 2022	\$ 28,051

NOTE 6 – OTHER RECEIVABLES

Other receivables consist of the following at May 31, 2022:

On October 1, 2019, the Agency entered into a PILOT agreement with PPM Roaring Brook LLC. The agreement calls for an administrative fee to be paid to the Agency in the amount of \$550,000 over a period of five years. The revenue was recognized during a prior year. The outstanding balance of \$225,000 is based on the schedule of remaining payments under the agreement.

\$ 225,000

On February 28, 2020, the Agency entered into a PILOT agreement with Flat Rock Windpower LLC. The agreement calls for an administrative fee to be paid to the Agency in the amount of \$500,000 over a period of five years. The revenue was recognized during a prior year. The outstanding balance of \$300,000 is based on the schedule of remaining payments under the agreement.

300,000

On December 1, 2021, the Agency entered into a PILOT agreement with Number Three Wind LLC. The agreement calls for an administrative fee to be paid to the Agency in the amount of \$1,192,702 over a period of five years. The revenue was recognized during the current year. The outstanding balance of \$808,468 is based on the schedule of remaining payments under the agreement.

808,468

Total Other Receivables

1,333,468

Less: Current Portion

(414,617)

Other Receivable, Net

\$ 918,851

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2022

NOTE 6 – OTHER RECEIVABLES - Continued

Annual principal future maturities of the other receivables as of May 31, 2022 are as follows:

2023	\$	414,617
2024		414,617
2025		302,117
2026		202,117
2027		<u>-</u>
Total	\$	<u><u>1,333,468</u></u>

NOTE 7 – INDUSTRIAL DEVELOPMENT REVENUE BONDS

Certain industrial development revenue bonds and notes issued by the Agency are secured by property, which is leased to companies and is retired with lease payments. The bonds are not obligations of the Agency or the State. The Agency does not record assets or liabilities resulting from completed bond issues in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond holders, and funds arising from issues are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds. At May 31, 2022 there were no outstanding industrial development revenue bonds

NOTE 8 – RESTRICTED NET POSITION

Micro Enterprise Loan Fund	\$	84,225
Rural Business Enterprise Loan Fund		<u>96,500</u>
Total Restricted Net Position	\$	<u><u>180,725</u></u>

The economic development fund represents restricted cash from prior year unspent contracts from Lewis County. The micro enterprise loan fund and the rural business enterprise loan fund are described in Note 5. The restricted assets relating to the loan funds consist of cash and outstanding loans receivable, net of allowance.

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2022

NOTE 9 – CONTRACT REVENUE

The Agency has received a contract of \$200,000 from the County of Lewis, to be used by the Agency for economic development projects that benefit the communities of Lewis County. For the year ended May 31, 2022, total contract revenue was recognized in the amount of \$202,188.

NOTE 10 – OTHER GRANT REVENUE

In a prior year, the Agency was awarded a Rural Business Enterprise Grant (RBEG) from the United States Department of Agriculture (USDA), Rural Development in the amount of \$90,000. The grant agreement consists of a revolving loan fund for eligible businesses. Per the grant agreement, the Agency must use the proceeds from the loan repayment for other Agency approved loans and cannot be used for general operations of the Agency. The total amount of grant revenue recognized was \$0 as of May 31, 2022.

The Agency is a subrecipient of a HUD micro enterprise loan program grant from the County of Lewis. The grant is disbursed as loans to eligible businesses. The total amount of grant revenue recognized was \$0 as of May 31, 2022.

NOTE 11 – OPERATING LEASE

During the year ended May 31, 2022, the Agency paid monthly rent for occupied office space at a new location. The monthly rent is \$700 per month for a term beginning September 15, 2020 and ending September 15, 2021. The rent increased to \$950 per month from September 15, 2021 to November 15, 2022. The lease is renewed on annual basis and terminates on November 15, 2022. The Agency subleases space to another organization for \$5,380. Total rent expense, net of the sublease, was \$4,570 and for the year ended May 31, 2022.

NOTE 12 – RETIREMENT PLAN

The Agency participates in a Simple IRA plan. The Agency's contribution is set at 3% of employees' annual salary. All full-time employees are eligible to participate in the plan. For the year ended May 31, 2022, retirement expense was \$4,724.

**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2022

NOTE 13 – RESTATEMENT OF NET POSITION

For the year ended May 31, 2021, a prior year restatement of \$737,500 was made to record a receivable for administrative agency fee contracts that are being received on an annual basis over a period of five years for two PILOT agreements. The amounts are earned when the contracts are signed and payable to the Agency even if the agreements are terminated early. The amounts were previously recognized as revenue when the installments were received.

Net Position Beginning of Year, As Previously Stated	\$ 3,004,858
Restatement to record receivables for administrative agency fees for two contracts at the beginning of the year	<u>737,500</u>
Net Position Beginning of Year, As Restated	<u><u>\$ 3,742,358</u></u>



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CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

BOARD OF DIRECTORS
COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY**, as of and for the year ended May 31, 2022, and the related notes to the financial statements, which collectively comprise County of Lewis Industrial Development Agency's basic financial statements and have issued our report thereon dated August 4, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Lewis Industrial Development Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Lewis Industrial Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Lewis Industrial Development Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

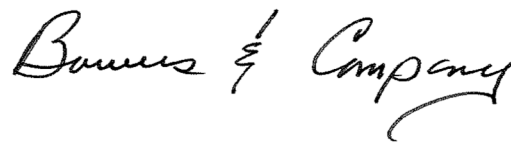
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Lewis Industrial Development Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Bowers & Company". The signature is written in black ink and is positioned to the right of the date and location information.

Watertown, New York
August 4, 2022



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2022 INVESTMENT REPORT

**BOARD OF DIRECTORS
COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY**

The County of Lewis Industrial Development Agency had no investments to report in 2022.

Brittany Davis, Executive Director
August 4, 2022



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CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

Management and Board of Directors
County of Lewis Industrial Development Agency

In planning and performing our audit of the financial statements of the County of Lewis Industrial Development Agency for the year ended May 31, 2022, we considered the Organization's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted a certain matter involving the internal control structure and other operational matters that is presented for your consideration. We previously reported on the Organization's internal control structure in our report dated August 4, 2022. This letter does not affect our report dated August 4, 2022 on the financial statements of the County of Lewis Industrial Development Agency.

We will review the status of this comment during our next audit engagement. Our comment and recommendation, which has been discussed with appropriate members of management, is intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss this comment in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation. Our comment and recommendation is summarized as follows:

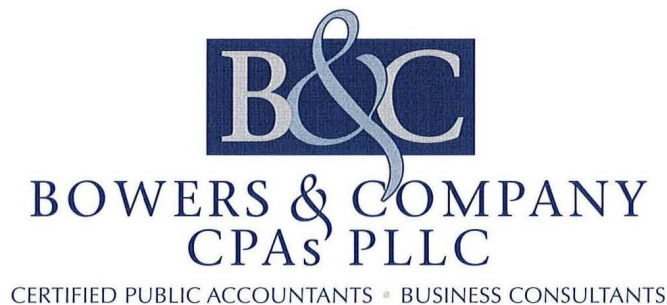
Accrue for Compensated Absences

During the audit, we noted the Agency does not record a liability for compensated absences (paid time off earned) for full time employees. Although the amount was not material this year, we recommend management start recording a liability for the accrued paid time off earned for employees for the fiscal year ended May 31, 2023.

This report is intended solely for the information of the Board of Members, management and others within the Organization and is not intended to be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Bowers & Company". The signature is written in dark ink and is positioned to the right of the main text.

Watertown, New York
August 4, 2022



August 4, 2022

To the Board of Directors of
County of Lewis Industrial Development Agency

We have audited the financial statements of the business-type activities of the County of Lewis Industrial Development Agency for the year ended May 31, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We communicated such information in our letter to you dated May 12, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management has the responsibility for the selection and use of appropriate accounting policies. The significant accounting policies used by County of Lewis Industrial Development Agency are described in Note 2 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2022. We noted no transactions entered into by the County of Lewis Industrial Development Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the useful lives of capital assets is based on generally accepted guidelines. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

To the Board of Directors of
County of Lewis Industrial Development Agency
August 4, 2022
Page 2

Management's estimate of the allowance for loan losses based on the collectability of the loan portfolio. We evaluated the key factors and assumptions used to develop the allowance for bad debts in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule of material misstatements as a result of audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 4, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the County of Lewis Industrial Development Agency's basic financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

To the Board of Directors of
County of Lewis Industrial Development Agency
August 4, 2022
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Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County of Lewis Industrial Development Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and Management of County of Lewis Industrial Development Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Bowers & Company

To the Board of Directors of
 County of Lewis Industrial Development Agency
 August 4, 2022
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Adjusting Journal Entries JE # 5			
To adjust restricted assets to actual			
3005	Invested in Capital Assets	358,081.00	
3007	Restricted Net Position	617,326.00	
3006	Retained Earnings		975,407.00
Total		975,407.00	975,407.00
Adjusting Journal Entries JE # 6			
To record receivable and revenue for Number 3 wind pilot agency fee			
1852	Other Receivable - Number Three Wind	808,468.00	
3070	Revenues-Fee: Pilot Fees		808,468.00
Total		808,468.00	808,468.00