

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

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*FINANCIAL STATEMENTS*  
May 31, 2024

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## **INDEPENDENT AUDITOR'S REPORT**

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**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** (the 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, 2024, 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, 2024, 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.

## **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.

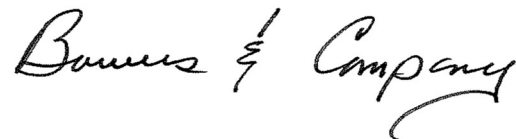
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### **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 5, 2024 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 5, 2024

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

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

May 31, 2024

**INTRODUCTION**

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The following is the County of Lewis Industrial Development Agency's (the Agency or LCIDA) Management Discussion and Analysis (MD&A) of financial activities and performance for the fiscal year ended May 31, 2024. Information contained in the MD&A has been prepared by the Agency's 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**

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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, Port Leyden Portal, GSPP 9557 E Rd S, GSPP 9601 E Rd N, Waters Rd N, Waters Rd S, Turin Highland Lodge and Victorian Lake. Additionally, the Agency administers installment sales, otherwise known as "lease-to-own," for several local businesses.

During this fiscal year, the Agency had a significant shift in operations and staffing. Naturally Lewis Inc., a new non-profit leading economic development for Lewis County, was created independently to merge the services of economic development and the Chamber of Commerce into a one-stop shop. The County of Lewis Industrial Development Agency entered into a staff service agreement with Naturally Lewis Inc. to administer the services of the Agency. The Agency's staff became Naturally Lewis Inc. staff on October 1, 2023. Under this new model where the staff of Naturally Lewis Inc., administers the services of the LCIDA, Lewis County Development Corporation and the Lewis County Chamber of Commerce, it allowed the Agency's board to focus solely on the programs and services it was created to do per NYS General Municipal Law.

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

May 31, 2024

**OPERATION HIGHLIGHTS - Continued**

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In 2024, the Agency adopted a new mission statement and identified its Key Work, given that it is no longer the “lead” economic development entity:

**Mission Statement**

The mission of the County of Lewis IDA is to stabilize, strengthen, and grow communities through strategic community partnerships, innovative incentive programs, responsible leverage of our financial resources, and thoughtful policy development to advance economic growth and ensure a brighter and more inclusive future for all.

**Key Work of the IDA**

1. Engage in community partnerships through education, facilitating and mentorship to achieve collective goals, foster learning and promote positive community outcomes within Lewis County.
2. Drive progress through policy development by creating, implementing and adopting policies that lead to meaningful progress in areas critical to the overall growth of economic development in Lewis County.
3. Empower businesses to grow and thrive through proactive and strategic incentive programs that support job creation, increased tax base and sustainable economic growth.
4. Leverage our financial resources and engage in thoughtful risk taking to catalyze positive change by investing in projects and initiatives that generate measurable impacts through business, infrastructure and economic development.

During this transition, the Agency continued to support new and existing businesses, as well as large manufacturers. Contracted staff led many discussions with various businesses on potential PILOT's, sales tax exemptions and installment sale opportunities. There was a focus on policy development to further assist businesses and property owners in ways that meet the goals of economic development in Lewis County. A few of these projects were:

- The Agency entered into new agreements with Backyardigan's Second Place Beer Co. to purchase and lease an Agency owned building and brewing equipment, which will lead to a new farm brewery and on-site tasting room.

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

May 31, 2024

**OPERATION HIGHLIGHTS - Continued**

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- Revising and adopting the Universal Tax Exemption Policy to allow for “new construction” and “adaptive reuse” of existing buildings on 10 year abatement schedules.
- Continued strategic discussion on the LCIDA’s role in renewable energy development.

The Agency continues to be a committed partner, utilizing its tools and services, to result in economic development, job creation and a better quality of life for Lewis County residents.

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 2023-24 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**

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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, 2024

**BASIC FINANCIAL STATEMENTS - Continued**

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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**

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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**

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- Total assets at May 31, 2024 were \$4,682,588. This was a decrease of \$426,993 total assets of \$5,109,581, at May 31, 2023. The decrease was attributed to the current year operating loss.
- Total liabilities at May 31, 2024 were \$-0- as compared to total liabilities of \$1,968 at May 31, 2023.

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

May 31, 2024

**OVERVIEW OF FINANCIAL STATEMENTS**

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**Condensed Comparative Financial Statements**

The following provides an overview of the Agency's assets, liabilities, and net position at the close of fiscal years May 31, 2024 and 2023:

**Condensed Statements of Net Position**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
Current and Other Assets	\$ 3,758,906	\$ 3,863,727
Restricted Assets	179,317	181,218
Capital Assets	74,314	162,685
Other Receivables, Net	404,234	706,351
Loans Receivables, Net	265,817	195,600
Total Assets	<u>\$ 4,682,588</u>	<u>\$ 5,109,581</u>
<b>LIABILITIES</b>		
Current/Total Liabilities	<u>\$ -</u>	<u>\$ 1,968</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 74,314	\$ 162,685
Restricted	179,317	181,218
Unrestricted	4,428,957	4,763,710
Total Net Position	<u>\$ 4,682,588</u>	<u>\$ 5,107,613</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, 2024

**OVERVIEW OF FINANCIAL STATEMENTS - Continued**

**Analysis of Change in Net Position and Results of Operations**

**Condensed Statements of Revenues, Expenses, and Changes in Net Position**

	<b>2024</b>	<b>2023</b>
<b>OPERATING REVENUES</b>		
Agency Fees	\$ 10,833	\$ 264,890
Rental Income	-	11,383
Contract Revenue	4,845	202,371
Operating Grant Revenue	77,547	109,953
Credit Loss Recovery	1,155	14,784
Interest from Loans Receivables	7,748	15,075
Total Operating Revenues	102,128	618,456
<b>OPERATING EXPENSES</b>		
General Operations	175,474	291,739
Administrative Services	295,890	1,307
Operating Grant Expense	77,547	101,146
Professional Fees	47,389	16,657
Depreciation	-	3,367
Other	8,220	55,592
Total Operating Expenses	604,520	469,808
Operating Income (Loss)	(502,392)	148,648
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Gain (Loss) on Sale of Building	6,429	(68,212)
Interest Revenue	70,938	15,288
Total Non-Operating Revenues (Expenses)	77,367	(52,924)
Change in Net Position	(425,025)	95,724
Net Position, Beginning of Year	5,107,613	5,011,889
Net Position, End of Year	\$ 4,682,588	\$ 5,107,613

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**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

May 31, 2024

**OVERVIEW OF FINANCIAL STATEMENTS - Continued**

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The change in net position was \$(425,025) for the year ended May 31, 2024. This was a decrease of \$520,749 from the year ended May 31, 2023. The decrease was mostly attributed to a decline in pilot fees of \$239,323 and contract revenues of \$198,681 from the prior year.

**CAPITAL ASSETS, NET**

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The Agency's capital assets as of May 31, 2024 and 2023 are summarized as follows.

	<b>2024</b>	<b>2023</b>
Capital Assets	\$ -	\$ 101,666
Construction in Progress	74,314	74,314
	<hr/> 74,314	<hr/> 175,980
Accumulated Depreciation	-	(13,295)
	<hr/> -	<hr/> (13,295)
Capital Assets, Net	<hr/> <u>\$ 74,314</u>	<hr/> <u>\$ 162,685</u>

During the fiscal year ended May 31, 2024, the Agency sold the Trinity Ave property and related assets through an installment purchase agreement for \$100,000. The Agency recognized a gain of \$6,429 on the sale of the property.

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

May 31, 2024

**ECONOMIC FACTORS AND FUTURE OUTLOOK**

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During the 2023-2024 year, several projects were started which will enhance the economy for 2024-2025. They are:

- Green Energy Projects –The Agency continues to be involved in negotiations for wind and solar projects as developers seek sales tax, property tax and mortgage recording tax benefits. As the fiscal year closed there were four solar projects in various stages of development. The Agency continues to evolve our Universal Tax Exemption Policy and Solar Policy to better partner with affected taxing jurisdictions to capitalize on this economic opportunity while preserving and protecting other key industries.
- Roaring Brook Wind – This 80MW wind energy project in Martinsburg, NY became operational during the 2022-2023 fiscal year and made their first PILOT payments in 2023.
- Number Three Wind – This 104MW wind energy project in Lowville, NY become operational in 2023 and made their first PILOT payment in 2023.
- Solitude Solar Lowville Waters Rd Unit A – This 5MW solar project in Lowville, NY became operational in 2022 and made their first PILOT payment in 2023.
- Solitude Solar Lowville Waters Rd Unit B – This 2MW solar project in Lowville, NY became operational in 2022 and made their first PILOT payment in 2023.
- Flat Rock Solar – This 4.8MW solar project in Martinsburg, NY became operational in 2022 and made their first PILOT payment in 2023.
- Maple Tap Solar – This 1.8MW solar project in Martinsburg, NY became operational in 2022 and made their first PILOT payment in 2023.
- CP New Bremen One – This 3MW solar project in New Bremen, NY became operational in 2023 and their first PILOT payment is expected in 2025.
- CP New Bremen Two – This 3MW solar project in New Bremen, NY became operational in 2023 and their first PILOT payment is expected in 2025.
- Martinsburg CSG – This 2.2MW solar project in Martinsburg, NY will be operational in 2023 and their first PILOT payment is expected in 2024.

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

May 31, 2024

**ECONOMIC FACTORS AND FUTURE OUTLOOK - Continued**

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- Port Leyden Portal – This school building reuse project was approved for incentives in 2021 and PILOT payments began in 2023.
- Turin Highland Lodge – This lodging project was approved for incentives in 2023 and payments began in 2024.
- Lyons Falls Mill –The Agency continues to partner with the LCDC on the redevelopment of the mill site after a successful demolition project. Part of the property was sold to the dairy processing tenant, with three companies now located on or adjacent to the remaining portion of the site. These include a hydropower company, a dairy processing facility and a data mining company. The Agency continues to work with the LCDC on future development of the site.
- The Agency Board and contracted staff are actively considering new projects to enhance sustainable revenue opportunities and provide more opportunities for projects to benefit private businesses. In 2023-2024, the Agency has continued its partnership with Naturally Lewis, Inc, the Lewis County Development Corporation and Lewis County. The coordination of these entities will benefit overall program efforts.

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

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

May 31, 2024

**CONTACTING MANAGEMENT**

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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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County of Lewis Industrial Development Agency  
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Lowville, NY 13367  
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Email: [brittany@naturallylewis.com](mailto:brittany@naturallylewis.com)  
Web Address: [www.naturallylewis.com](http://www.naturallylewis.com)

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

**AUDITED BASIC FINANCIAL STATEMENTS**

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**STATEMENT OF NET POSITION**

May 31, 2024

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 3,211,291
Prepaid Expense	204,245
Current Portion of Loans Receivable	41,253
Current Portion of Other Receivables	302,117
Total Current Assets	<u>3,758,906</u>

**RESTRICTED ASSETS**

Restricted Cash	161,902
Loans Receivable, Net	17,415
Total Restricted Assets	<u>179,317</u>

**NON-CURRENT ASSETS**

Loans Receivable, Net of Current Portion	265,817
Other Receivables, Net of Current Portion	404,234
Capital Assets, Net	74,314
Total Other Assets	<u>744,365</u>

<b>TOTAL ASSETS</b>	<u><u>\$ 4,682,588</u></u>
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**NET POSITION**

**NET POSITION**

Net Investment in Capital Assets	\$ 74,314
Restricted	179,317
Unrestricted	4,428,957
<b>TOTAL NET POSITION</b>	<u><u>\$ 4,682,588</u></u>

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See notes to audited basic financial statements.



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

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**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

Year Ended May 31, 2024

<b>OPERATING REVENUES</b>	
Agency Fees	\$ 10,833
Contract Revenue	4,845
Operating Grant Revenue	77,547
Credit Loss Recovery	1,155
Interest From Loans Receivable	7,748
Total Operating Revenues	102,128
<b>OPERATING EXPENSES</b>	
Salaries and Wages	83,051
Payroll Taxes and Employee Benefits	28,469
Credit Losses	37,260
Building Occupancy Expenses	4,065
Dues and Subscriptions	689
Economic Development Expenses	8,220
Administrative Services	295,890
Grant Expenses	77,547
Insurance	2,138
Marketing	9,043
Office Supplies and Expenses	5,347
Professional Fees	47,389
Rent	2,015
Travel and Conferences	2,261
Utilities	1,136
Total Operating Expenses	604,520
<b>OPERATING LOSS</b>	<b>(502,392)</b>
<b>NON-OPERATING REVENUES</b>	
Gain on Sale of Building	6,429
Interest Revenue	70,938
Total Non-Operating Revenues	77,367
Change in Net Position	(425,025)
Net Position, Beginning of Year	5,107,613
Net Position, End of Year	\$ 4,682,588

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See notes to audited basic financial statements.

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

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**STATEMENT OF CASH FLOWS**

Year Ended May 31, 2024

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Principal Loan Collections	\$ 40,000
Cash Received from Interest on Loans Receivables	7,748
Cash Received from Administrative Fees	425,450
Cash Received from Operating Grants	77,547
Cash Received from Rental Income	6,571
Cash Received from Contract Revenue	5,555
Cash Payments for Salaries and Benefits	(113,488)
Cash Payments to Suppliers for Goods and Services	(651,765)
Cash Payments for Projects	(8,220)
Cash Payments for Loan Originations	<u>(25,000)</u>
Net Cash Used In Operating Activities	<u>(235,602)</u>
<b>CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES</b>	
Purchase of Capital Assets	<u>(5,200)</u>
Net Cash Used In Capital and Financing Activities	<u>(5,200)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest Earned	<u>70,938</u>
Net Cash Provided By Investing Activities	<u>70,938</u>
Net Decrease in Cash	(169,864)
Cash, Beginning of Year	<u>3,543,057</u>
Cash, End of Year	<u><u>\$ 3,373,193</u></u>
<b>RECONCILIATION TO THE STATEMENT OF NET POSITION</b>	
Cash	\$ 3,211,291
Restricted Cash	<u>161,902</u>
Total Cash	<u><u>\$ 3,373,193</u></u>

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See notes to audited basic financial statements.

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

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**STATEMENT OF CASH FLOWS - CONTINUED**

Year Ended May 31, 2024

Reconciliation of Operating Loss to Net Cash Used In

Operating Activities:

Operating Loss	\$ (502,392)
Credit Loss Recovery/Expense	36,105
(Increase) Decrease in Operating Assets:	
Prepaid Expenses	(204,245)
Accounts Receivable	7,281
Loans Receivable	15,000
Other Receivables	414,617
Decrease in Operating Liabilities:	
Accrued Expenses	<u>(1,968)</u>
 Net Cash Used In Operating Activities	 <u>\$ (235,602)</u>

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See notes to audited basic financial statements.

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

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

May 31, 2024

**NOTE 1 – NATURE OF OPERATIONS**

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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**

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

The Agency’s financial statements are reported using the economic resources measurement 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**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

May 31, 2024

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

The Agency’s basic financial statements are presented in conformity 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**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

May 31, 2024

**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, 2024.

**Loans Receivable and Allowance for Credit Losses**

Loans receivable are stated at unpaid principal balance, less an allowance for credit losses. 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 credit losses and an adjustment to an allowance for credit losses based on a loan rating system. A considerable amount of judgement is required when determining expected credit losses. Estimates of such losses are recorded when management believes a customer, or group of customers, may not be able to meet their financial obligations due to deterioration in financial condition or credit rating. Factors relevant to the assessment include prior collection history with customers, the related aging of past due balances, projections of credit losses based on historical trends in credit quality indicators or past events, and forecasts of economic conditions.

**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, 2024, management has determined based on historical experience, that all amounts are fully collectable and no allowance for credit losses are deemed necessary.

**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 \$5,000 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.

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

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

May 31, 2024

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued**

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**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 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, expenses, assets or liabilities related to the PILOT programs as amounts are only passed-through the Agency.

**Leases**

The Agency has evaluated lease agreements such as small equipment and property (e.g. computers, mobile phones, office rentals) on a lease-by-lease basis. The Agency has determined the lease agreements outstanding as of May 31, 2024 do not meet the criteria to be accounted for as a lease defined by GASB 87 based on current lease terms and other factors known by the Agency at year end.

**Recent Accounting Pronouncements**

Effective June 1, 2023, the Agency Inc. adopted ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Agency adopted this new guidance utilizing the modified retrospective transition method. Topic 326 requires measurement and recognition of expected versus incurred losses for financial assets held. Financial assets held by the Agency that are subject to ASU 2016-13 include loans receivables. The adoption of this ASU did not have a material impact on the financial statements but did change how the allowance for credit losses is determined.

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

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

May 31, 2024

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued**

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**Statement of Cash Flows**

Supplemental disclosures of noncash investing and financing activities for the year ended May 31, 2024 is as follows:

Loan Receivable Issued for Sale of Property	\$ 100,000
Total Noncash Transactions	<u>\$ 100,000</u>

**Date of Management’s Review**

Management has evaluated subsequent events and transactions that occurred between May 31, 2024 through August 5, 2024, which is the date the financial statements were available to be issued, and has determined there are no additional adjustments and/or disclosures necessary.



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

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

May 31, 2024

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

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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, 2024 per the banks were \$3,086,283. These deposits are categorized as follows:

(1)	(2)
\$3,086,283	\$ -

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**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

May 31, 2024

**NOTE 4 – CAPITAL ASSETS, NET**

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Capital Assets, Net at May 31, 2024 are as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Non-Depreciable Assets:				
Investment Property	\$ 74,314	\$ -	\$ -	\$ 74,314
Land and Land Improvements	10,166	-	(10,166)	-
Depreciable Assets:				
Buildings	91,500	5,200	(96,700)	-
Total	175,980	5,200	(106,866)	74,314
Less - Accumulated Depreciation	13,295	-	(13,295)	-
Capital Assets, Net	<u>\$ 162,685</u>	<u>5,200</u>	<u>\$ (93,571)</u>	<u>\$ 74,314</u>

The Agency has identified a site for a future business park near the Village of Lowville. At May 31, 2024 and 2023, the site valued at \$74,314 was reported as Investment Property.

The Agency owned a building located at Trinity Avenue in Lowville, New York, which was sold for \$100,000 at a gain on sale of property of \$6,429 through an installment sale agreement entered into on June 1, 2023.

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

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

May 31, 2024

**NOTE 5 – LOANS RECEIVABLE, NET**

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Loans Receivable consist of mortgage receivables for property and installment loan 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, 2024, the unrestricted loans receivable was \$348,393.

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, 2024, the loans receivable balance restricted for the microenterprise loan program was \$-0-.

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, 2024, the loans receivable balance restricted for the RBEG loan program was \$17,415.

Loans Receivable, net consist of the following at May 31, 2024:

	<b>2024</b>
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.	\$ 12,183
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.	102,377
Subtotal	<hr/> \$ 114,560

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

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

May 31, 2024

**NOTE 5 – LOANS RECEIVABLE, NET - Continued**

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Subtotal from Previous Page	\$ 114,560
<p>On September 1, 2023, the Backyardigans assumed the remaining loan balance of \$133,833 from a previous installment sale agreement between the Agency and Skewed Brewing. The Backyardigans assumed the \$133,833 loan balance at an interest rate of 4.00% over 6 years (72 payments) Monthly principal and interest payments in the amount of \$1,200 are due at the beginning of each month beginning March 1, 2024 and ending February 1, 2030.</p>	
	133,833
<p>On June 1, 2023, the Agency entered in an installment sale agreement with The Backyardigans, LLC to purchase a building for \$100,000 at an interest rate of 5.5% over 10 years (120 payments). Monthly principal and interest payments in the amount of \$1,085 are due at the beginning of each month beginning March 1, 2024 and ending February 1, 2034.</p>	
	100,000
<p>On August 4, 2023, the Agency entered into an agreement with Tug Hill Artisan Roasters, LLC to provide a loan in the amount of \$25,000 for a period of 5 years with an interest rate of 5%. Principal and interest payments in the amount of \$412 are due beginning September 1, 2023 through August 1, 2028.</p>	
	<u>17,415</u>
Total Loans Receivable	365,808
Less: Allowance for Credit Loss	(41,323)
Less: Current Portion	<u>(41,253)</u>
Loans Receivable, Net	<u>\$ 283,232</u>
<p>Reconciliation of Loans Receivable, Net to Statements of Net Position</p>	
Restricted Assets - Loans Receivable, Net	\$ 17,415
Noncurrent Assets - Loans Receivable, Net	<u>265,817</u>
Total Loans Receivable, Net	<u>\$ 283,232</u>

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

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

May 31, 2024

**NOTE 5 – LOANS RECEIVABLE, NET - Continued**

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

2025	\$	41,253
2026		41,430
2027		52,571
2028		53,205
2029		61,442
Thereafter		115,907
Total	\$	<u>365,808</u>

**Credit Quality Information**

Credit quality as of May 31, 2024 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, 2024

**NOTE 5 – LOANS RECEIVABLE, NET - Continued**

**Credit Quality Information - Continued**

May 31, 2024	<u>Satisfactory</u>	<u>Watch</u>	<u>Substandard</u>	<u>Total Loans Receivable</u>
Real Estate and				
Equipment Loans Receivable	\$ 114,560	\$ 233,833	\$ -	\$ 348,393
RBEG Program				
Loans Receivable	<u>17,415</u>	<u>-</u>	<u>-</u>	<u>17,415</u>
	<u>\$ 131,975</u>	<u>\$ 233,833</u>	<u>\$ -</u>	<u>\$ 365,808</u>

The aging of the Loans Receivable portfolio as of May 31, 2024 is summarized as follows:

May 31, 2024	<u>1-29 Days Past Due</u>	<u>30-59 Days Past Due</u>	<u>60-89 Days Past Due</u>	<u>Greater Than 90 Days</u>	<u>Current</u>	<u>Total Loans Receivable</u>
Loans Receivable	<u>\$ 4,203</u>	<u>\$ 6,415</u>	<u>\$ 180</u>	<u>\$ 39,590</u>	<u>\$ 315,420</u>	<u>\$ 365,808</u>

The allowance for credit 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 credit losses at May 31, 2024 is \$41,323.

Activity in the allowance for loan losses is as follows for 2024:

Balance - May 31, 2023	\$ 13,735
Provision for Loan Loss	37,260
Recovery	(1,155)
Write-offs	<u>(8,517)</u>
Balance - May 31, 2024	<u>\$ 41,323</u>

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

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

May 31, 2024

**NOTE 6 – OTHER RECEIVABLES**

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Other receivables consist of the following at May 31, 2024:

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 \$100,000 is based on the schedule of remaining payments under the agreement.	\$ 100,000
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 a prior year. The outstanding balance of \$606,351 is based on the schedule of remaining payments under the agreement.	<u>606,351</u>
Total Other Receivables	706,351
Less: Current Portion	<u>(302,117)</u>
Other Receivable, Net	<u><u>\$ 404,234</u></u>

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

2025	\$ 302,117
2026	202,117
2027	<u>202,117</u>
Total	<u><u>\$ 706,351</u></u>

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

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

May 31, 2024

**NOTE 7 – INDUSTRIAL DEVELOPMENT REVENUE BONDS**

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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, 2024 there was no outstanding industrial development revenue bonds.

**NOTE 8 – RESTRICTED NET POSITION**

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Micro Enterprise Loan Fund	\$ 81,809
Rural Business Enterprise Loan Fund	<u>97,508</u>
Total Restricted Net Position	<u><u>\$ 179,317</u></u>

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.

**NOTE 9 – RELATED PARTY**

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The Agency entered an agreement in October of 2023 with Naturally Lewis for the provision of staff services. These services include general administration and staff support related to economic development in Lewis County including promotions, compliance, website, accounting and finance support, assist with professional service contracting and other services as listed in the agreement. The fee for services is contracted to be 90% of the admin fees from the PILOT agreements. Naturally Lewis will not cover the Agency's operating expenses. The agreements were in the amount of \$350,150 and \$150,000 for the calendar years ended December 31, 2024 and 2023, respectively.

Naturally Lewis reimbursed the Agency in the amount of \$22,910 for payroll related expenses in May of 2024 incurred while under agreement.



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

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

May 31, 2024

**NOTE 10 – SHORT TERM OPERATING LEASE**

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During the year ended May 31, 2024, the Agency paid monthly rent for occupied office space. The monthly rent was \$950 per month for a term beginning November 15, 2021 and ending November 15, 2023. Total rent expense, net of subleased spaces balances of \$1,745, was \$2,015 for the year ended May 31, 2024.

**NOTE 11 – OPERATING GRANT REVENUE**

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The Agency is a subrecipient of the CDBG micro enterprise grant program from the County of Lewis. The CDBG grant revenue for the year ended May 31, 2024 was \$77,547. The Agency received an additional \$4,445 of funds retained for administrative uses per the contract agreement.

**NOTE 12 – RETIREMENT PLAN**

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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, 2024, retirement expense was \$2,835.

**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**

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

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, 2024, 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 5, 2024.

**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 a 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.

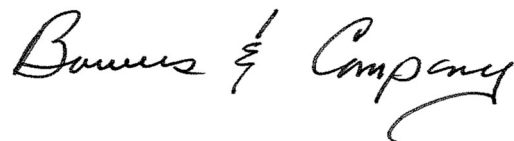
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 from 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 or other matters 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 "Banner & Company". The signature is written in black ink and is positioned to the right of the date and location text.

Watertown, New York  
August 5, 2024

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH SECTION 2925(3)(F)  
OF THE NEW YORK STATE PUBLIC AUTHORITIES LAW**

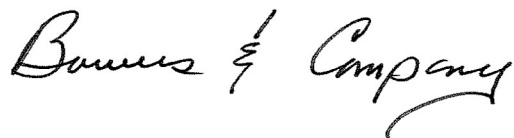
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**TO THE BOARD OF DIRECTORS  
COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY**

We have audited, 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, the financial statements of County of Lewis Industrial Development Agency (the Agency), which comprise the statement of net position as of May 31, 2024, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Agency’s basic financial statements and have issued our report thereon dated August 5, 2024.

In connection with our audit, nothing came to our attention that caused us to believe that the Agency failed to comply with the Agency’s Investment Policy, The New York State Comptroller’s Investment Guidelines, and Section 2925(3)(F) of the NYS Public Authorities Law during the year ended May 31, 2024. However, our audit was not directed primarily toward obtaining knowledge of noncompliance with such investment guidelines. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Agency’s noncompliance with the above rules and regulations.

This report is intended solely for the information and use of management of the Agency, the Board of Directors, and the Office of the State Comptroller of the State of New York. It is not intended to be, and should not be, used by anyone other than these specified parties.



Watertown, New York  
August 5, 2024

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, 2024, we considered the Agency'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 became aware of matters that are opportunities for strengthening internal controls and operating efficiency. This letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated August 5, 2024, on the financial statements of the County of Lewis Industrial Development Agency.

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

### **Annual Investment Report**

Section 2925 of Public Authorities Law (PAL) requires public authorities to adopt comprehensive investment guidelines including a policy for the Agency's investments and to prepare an annual investment report, which includes the results of the annual independent audit of all investments. The annual investment report must include the investment guidelines, the result of the annual independent audit of all investment practices, a record of the Agency's investments, and a detailed list of the total fees or commissions paid to each banker or agent that has provided investment services. It was found that while the Agency does not hold external investments and has an investment policy, an annual investment report in accordance with Section 2925 of PAL is not being prepared.

### **Recommendation**

We recommend the Agency prepare an annual investment report in accordance with Section 2925 of PAL going forward and that the report be approved by the board and submitted to the Public Authorities Reporting Information System (PARIS) within 90 days of the Agency's year-end. The report should also be posted with the independent auditor's report on your website.

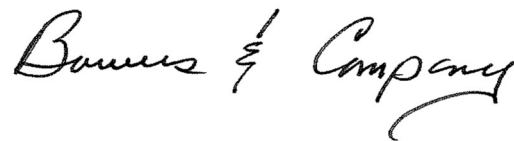
### **Documentation on Memorandum of Understandings**

During our audit procedures, it was noted that extensions of payment periods were approved by the Board on two instances in relation to installment agreements with a local business. Within these agreements, modifications require the approval of both parties to be implemented. When requested, the Organization did not have documentation to support all extension requests made by the other party.

### **Recommendation**

We recommend the Agency ensure that documentation is maintained to fully support any contract modifications.

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

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

Watertown, New York  
August 5, 2024

August 5, 2024

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, 2024. 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 June 5, 2024. 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. As described in Note 2, the Organization changed accounting policies related to loans receivable by adopting FASB Accounting Standards Update No. 2016-13, *Financial Instruments – Credit Losses (ASC Topic 326)* in 2023. Accordingly, the accounting change utilized the modified retrospective approach with no change to beginning net assets. 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.

Management's estimate of whether an allowance for credit losses is necessary is based on an analysis of the collectability of the loan portfolio at year-end. We evaluated the current loan portfolio and assumptions used by management to determine the adequacy of the allowance for credit losses and whether 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 misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached material misstatements detected 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 5, 2024.



To the Board of Directors of  
County of Lewis Industrial Development Agency  
August 5, 2024  
Page 3

*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.

*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.

Restriction on Use

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*

**Schedule of Material Misstatements Corrected by Management**

<b>Adjusting Journal Entries JE # 1</b>			
To report prepayment of Naturally Lewis 2024 contract			
1201	Prepaid Expenses	204,245	
3074	Economic Development Expense:Professional Services		204,245
<b>Total</b>		<b>204,245</b>	<b>204,245</b>
<b>Adjusting Journal Entries JE # 2</b>			
To report installment sale of Trinity Ave			
1179	Loan Receivable - Backyardigans	100,000	
1920	Acc Depreciation Trinity Bldg	13,295	
1976	Trinity Ave Building		91,500
1977	Trinity Ave Land		10,166
3072	Gain on Sale of building		6,429
3500	Trinity Ave Expenses		5,200
<b>Total</b>		<b>113,295</b>	<b>113,295</b>