

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

FINANCIAL STATEMENTS

May 31, 2026

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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** (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, 2026, 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, 2026, 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 21, 2026 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.

Bowen & Company CPAs, PLLC

Watertown, New York
August 21, 2026

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2026

INTRODUCTION

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, 2026. 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

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, Turin Highland Lodge Solitude Solar Turin Solar, Carthage Solar Fund, Copenhagen Wind, Flat Rock Wind, Roaring Brook Wind, Number 3 Wind, MA&N Rail, Port Leyden Portal, GSPP 9557 E Rd S, GSPP 9601 E Rd N, Waters Rd N, Waters Rd S, Flat Rock Solar Fund, Maple Tap Solar, ClearPath Farney, ClearPath Zehr, Martinsburg CSG and NY USLE Copenhagen, and McRez Packing International. Additionally, the Agency administers installment sales, otherwise known as "lease-to-own," for several local businesses.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2026

OPERATION HIGHLIGHTS - Continued

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.

The Agency supports new and existing businesses, as well as large manufacturers. During the year, 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:

- Pre-application work with McRez Packing International, Hydrostor, AES Sugar Maple and General Martin Apartments and the affected taxing jurisdictions on prospective incentive projects.

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

May 31, 2026

OPERATION HIGHLIGHTS - Continued

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.

In 2025-26, 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
- ❖ Building ATJ Consensus
- ❖ Policy Development
- ❖ Research & Education

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, liabilities and net position. Net position, the difference between the Agency's assets 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, 2026

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, 2026 were \$5,462,286. This was an increase of \$836,136 total assets of \$4,626,150 at May 31, 2025. The increase was attributed to a PILOT payment received by the Agency in the amount of \$1,000,000 near the end of the year.
- Current liabilities were recorded for payments due to taxing jurisdictions from PILOT payments. These monies are passed through the Agency to local municipalities.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2026

OVERVIEW OF FINANCIAL STATEMENTS

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, 2026 and 2025:

Condensed Statements of Net Position

	2026	2025
ASSETS		
Current and Other Assets	\$ 3,779,535	\$ 3,649,455
Restricted Assets	1,098,801	98,554
Capital Assets	-	52,183
Other Receivables, Net	-	202,117
Related Party Receivable, Net	253,277	278,897
Installment Sales Receivables, Net	330,673	344,944
Total Assets	<u>\$ 5,462,286</u>	<u>\$ 4,626,150</u>
LIABILITIES		
Current Liabilities	<u>\$ 1,000,000</u>	<u>\$ -</u>
Total Liabilities	<u>\$ 1,000,000</u>	<u>\$ -</u>
NET POSITION		
Net Investment in Capital Assets	\$ -	\$ 52,183
Restricted	98,801	98,554
Unrestricted	4,363,485	4,475,413
Total Net Position	<u>\$ 4,462,286</u>	<u>\$ 4,626,150</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, 2026

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

	2026	2025
OPERATING REVENUES		
Agency Fees	\$ 12,500	\$ 20,282
Miscellaneous Revenue	-	5,043
Interest from Installment Sales Receivables	13,606	10,690
Total Operating Revenues	<u>26,106</u>	<u>36,015</u>
OPERATING EXPENSES		
General Operations	11,636	16,736
Administrative Services	288,221	26,930
Professional Fees	24,858	16,106
Economic Development Expense	11,471	4,858
Reversal of Credit Loss Expense	(19,974)	(1,950)
Total Operating Expenses	<u>316,212</u>	<u>62,680</u>
Operating Loss	(290,106)	(26,665)
NON-OPERATING REVENUES (EXPENSES)		
Loss on Sale of Building	(876)	(74,314)
Transfers to Lewis County Development Corporation	-	(81,297)
Interest Revenue	127,118	125,838
Total Non-Operating Revenues (Expenses)	<u>126,242</u>	<u>(29,773)</u>
Change in Net Position	(163,864)	(56,438)
Net Position, Beginning of Year	4,626,150	4,682,588
Net Position, End of Year	<u>\$ 4,462,286</u>	<u>\$ 4,626,150</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
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MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2026

OVERVIEW OF FINANCIAL STATEMENTS - Continued

The change in net position was \$(163,864) for the year ended May 31, 2026. This was an increase from \$(56,438) for the year ended May 31, 2025. The increase was mostly attributed to a rise in administrative, operating grant and economic development expenses associated with the transition from staff to contracted services and the timing of those expenses.

CAPITAL ASSETS

The Agency's capital assets as of May 31, 2026 and 2025 are summarized as follows.

	2026	2025
Investment Property	<u>\$ -</u>	<u>\$ 52,183</u>

The Agency sold the former bank building in the Town of Diana that was purchased in 2025 with the intent to spur economic activity in the hamlet of Harrisville. It is now an operational coffee and bake shop employing 2 full-time and 5 part-time positions.

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

May 31, 2026

ECONOMIC FACTORS AND FUTURE OUTLOOK

During the 2025-2026 year, several projects were started which will enhance the economy for 2026-2027. They are:

- Green Energy Projects –The Agency continues to be involved in negotiations for wind, solar and clean energy storage 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.
- Red Barn Meats – This expansion project in New Bremen, NY was completed in 2025 and their first PILOT payment is expected in 2026.
- McRez Packing International – This is an adaptive reuse project in the Town of Lyon transforming it into a meat processing facility. It will employ 35 full-time individuals once fully operational. MPI has a PILOT in place as of 2/28/2026.
- 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 2025-2026, 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

CONTACTING 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:

County of Lewis Industrial Development Agency
7551 South State Street
Lowville, NY 13367
Phone: (315) 376-3014
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**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, 2026

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 1,876,453
Prepaid Expense	22,890
Current Portion of Installment Sales Receivable	62,203
Current Portion of Related Party Receivable	31,660
Other Receivables	202,117
Certificates of Deposit	1,584,212
Total Current Assets	<u>3,779,535</u>

RESTRICTED ASSETS

Restricted Cash and Cash Equivalents	<u>1,098,801</u>
Total Restricted Assets	<u>1,098,801</u>

NON-CURRENT ASSETS

Installment Sales Receivable, Net of Current Portion	330,673
Related Party Receivables, Net of Current Portion	<u>253,277</u>
Total Other Non-Current Assets	<u>583,950</u>
TOTAL ASSETS	<u><u>\$ 5,462,286</u></u>

LIABILITIES

Due to Other Governments - PILOTS	<u>\$ 1,000,000</u>
TOTAL LIABILITIES	<u><u>\$ 1,000,000</u></u>

NET POSITION

NET POSITION

Restricted	\$ 98,801
Unrestricted	<u>4,363,485</u>
TOTAL NET POSITION	<u><u>\$ 4,462,286</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, 2026

OPERATING REVENUES

Agency Fees	\$ 12,500
Interest From Installment Sales Receivable	13,606
Total Operating Revenues	<u>26,106</u>

OPERATING EXPENSES

Building Occupancy Expenses	5,133
Economic Development Expenses	11,471
Administrative Services	288,221
Insurance	536
Marketing	5,000
Office Supplies and Expenses	717
Professional Fees	24,858
Travel and Conferences	250
Reversal of Credit Loss Expense	<u>(19,974)</u>
Total Operating Expenses	<u>316,212</u>

OPERATING LOSS	<u><u>(290,106)</u></u>
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NON-OPERATING REVENUE (EXPENSES)

Loss on Disposal of Capital Asset	(876)
Interest Revenue	<u>127,118</u>
Total Non-Operating Revenues (Expenses)	<u>126,242</u>
Change in Net Position	(163,864)
Net Position, Beginning of Year	<u>4,626,150</u>
Net Position, End of Year	<u><u>\$ 4,462,286</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

Year Ended May 31, 2026

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Principal Installment Sales Collections	\$ 33,689
Cash Received from Interest on Installment Sales Receivables	13,606
Cash Received from Related Party Receivable	31,660
Cash Received from Administrative Fees	214,617
Cash Payments for Administrative Services	(274,697)
Cash Payments to Suppliers for Goods and Other Costs	(72,908)
Cash Payments for Projects	(11,471)
Net Cash Provided By Operating Activities	<u>(65,504)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

PILOT Payments Received for Other Governments	5,568,153
PILOT Payments Transferred to Other Governments	(4,568,153)
Net Cash Provided By Noncapital Financing Activities	<u>1,000,000</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from Sale of Capital Assets	<u>51,307</u>
Net Cash Provided By Capital and Related Financing Activities	<u>51,307</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Redemption of Certificates of Deposit	1,526,017
Purchase of Certificates of Deposit	(1,584,212)
Interest Earned from Certificates of Deposit	58,195
Interest Earned	68,923
Net Cash Provided By Investing Activities	<u>68,923</u>

Net Increase in Cash	1,054,726
Cash and Cash Equivalents, Beginning of Year	<u>1,920,528</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 2,975,254</u></u>

RECONCILIATION TO THE STATEMENT OF NET POSITION

Cash and Cash Equivalents	\$ 1,876,453
Restricted Cash and Cash Equivalents	<u>1,098,801</u>
Total Cash and Cash Equivalents	<u><u>\$ 2,975,254</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, 2026

Reconciliation of Operating Loss to Net Cash Provided By

Operating Activities:

Operating Loss	\$ (290,106)
Reversal of Credit Loss Expense	(19,974)
(Increase) Decrease in Operating Assets:	
Prepaid Expenses	(22,890)
Related Party Receivable	31,660
Installment Sales Receivable	33,689
Other Receivables	202,117
Net Cash Provided By Operating Activities	<u>\$ (65,504)</u>

See notes to audited basic financial statements.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2026

NOTE 1 – NATURE OF OPERATIONS

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 the County of Lewis since the Lewis County Board of Legislators appoints the Agency’s board of directors. The County of Lewis 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 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
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NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2026

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 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. The Agency has no capital assets as of May 31, 2026.

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

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumption are reasonable in the circumstances; however, 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, 2026

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash and Cash Equivalents

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.

Investments in NYCLASS

The Agency participates in a multi-municipal cooperative pool pursuant to New York State General Municipal Law Article 5-G §119-O, where it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. At May 31, 2026, the Agency held \$737,769 in the investment pool.

The amounts held represent the cost of the investment pool shares and are considered to approximate net asset value. NYCLASS is an external investment pool and therefore is not subject to custodial credit risk and is exempt from credit risk reporting requirements. Additional information concerning the cooperative is presented in the annual report of NYCLASS.

Certificates of Deposit

The Organization held certificates of deposit (CDs) of \$1,584,212 as of May 31, 2026. The \$527,889 CD has an interest rate of 3.6% with a maturity of June 5, 2026. The \$1,056,323 CD has an interest rate of 3.6% with a maturity of June 5, 2026.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2026

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Installment Sales Receivable and Allowance for Credit Losses

Installment Sales receivable are stated at the unpaid principal balance, less an allowance for credit losses. Interest on installment sales is recognized over the term of the installment sale and is calculated using the simple-interest method on principal amounts outstanding.

Installment Sales 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 an installment sale rating system. A considerable amount of judgment 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 Payment in Lieu of Tax (PILOT) agreements to be received in annual installments over a period of five years. As of May 31, 2026, management has determined based on historical experience, that all amounts are fully collectable and no allowance for credit losses are deemed necessary.

Related Party Receivable

Related party receivables represent an amount due from Naturally Lewis, a related party, for overpayment of contract fees. As of May 31, 2026, management has determined the amount is fully collectable.

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**

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2026

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

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, Payment in Lieu of Taxes (PILOT), and installment sale services. Operating expenses include the costs associated with the installment sale services, and administrative expenses. 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 into "PILOT" agreements 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 reported no revenues or expenses 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, 2026 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.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2026

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Statement of Cash Flows

There were no noncash investing and financing activities for the year ended May 31, 2026.

Date of Management's Review

Management has evaluated subsequent events and transactions that occurred between May 31, 2026 through August 21, 2026, which is the date the financial statements were available to be issued, and has determined there are no additional adjustments and/or disclosures necessary.

**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 aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

(1)	(2)
\$3,571,445	\$ -

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2026

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

– Continued

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

NOTE 4 – CAPITAL ASSETS

Capital Assets at May 31, 2026 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Non-Depreciable Assets:				
Investment Property	<u>\$ 52,183</u>	<u>\$ -</u>	<u>\$ (52,183)</u>	<u>\$ -</u>
Capital Assets	<u>\$ 52,183</u>	<u>\$ -</u>	<u>\$ (52,183)</u>	<u>\$ -</u>

The Agency sold investment property located at State Street in Harrisville, New York for \$51,307 (including price adjustments for closing costs). The property was purchased at a cost of \$52,183.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2026

NOTE 5 – INSTALLMENT SALES RECEIVABLE, NET

Installment sales receivable consist of mortgage receivables for property and installment sales 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, 2026, the unrestricted installment sales receivable net of the allowance for credit loss was \$392,876.

Installment Sales Receivable, net consist of the following at May 31, 2026:

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.

\$ 9,368

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.

77,972

On September 1, 2023, the Backyardigans assumed the remaining installment sale balance of \$133,833 from a previous installment sale agreement between the Agency and Skewed Brewing. The Backyardigans assumed the \$133,833 installment sale balance at an interest rate of 4.00% over 6 years (72 payments). An addendum to this contract was agreed upon by the Agency and Borrower on March 5, 2026 to defer payments until May 31, 2026. 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 January 1, 2031.

129,272

Subtotal

\$ 216,612

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2026

NOTE 5 – INSTALLMENT SALES RECEIVABLE, NET - Continued

Subtotal from Previous Page	\$ 216,612
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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.

	89,619
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On February 25, 2025, the Agency entered in an installment sale agreement with Snow Ridge Resort, LLC to purchase equipment for \$125,000 at an interest rate of 5% 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 March 1, 2025 and ending February 1, 2035.

	<u>112,532</u>
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Total Installment Sales Receivable	418,763
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Less: Allowance for Credit Loss	<u>(25,887)</u>
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Installment Sales Receivable, Net	<u><u>\$ 392,876</u></u>
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Reconciliation of Installment Sales Receivable, Net to Statements of Net Position

Current Portion of Installment Sales Receivable	\$ 62,203
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Noncurrent Assets - Installment Sales Receivable, Net	<u>330,673</u>
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Total Installment Sales Receivable, Net	<u><u>\$ 392,876</u></u>
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**COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY
A COMPONENT UNIT OF THE COUNTY OF LEWIS, NEW YORK**

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2026

NOTE 5 – INSTALLMENT SALES RECEIVABLE, NET - Continued

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

2027	\$	62,203
2028		59,391
2029		64,396
2030		72,344
2031		66,507
Thereafter		93,922
Total	\$	<u>418,763</u>

Credit Quality Information

Credit quality as of May 31, 2026 is as follows:

Internally assigned grade:

Satisfactory – installment sales 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 covenants, integrity and ability of management are good, and collateral is adequate.

Watch – installment sales in this category contain higher risk profiles but credit is generally current, and the installment sale is being paid as agreed. These installment sales may be missing current financial statements, financial condition 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 installment sale covenants, integrity of management is good, collateral is moderate, and the business may be closing.

Substandard – installment sales in this category are inadequately protected by the current sound worth and paying capacity of the borrower or of the collateral pledged. These installment sales 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, 2026

NOTE 5 – INSTALLMENT SALES RECEIVABLE, NET - Continued

Credit Quality Information - Continued

May 31, 2026	<u>Satisfactory</u>	<u>Watch</u>	<u>Substandard</u>	<u>Total</u>
Installment Sales Receivable	<u>\$ 199,872</u>	<u>\$ 218,891</u>	<u>\$ -</u>	<u>\$ 418,763</u>
	<u><u>\$ 199,872</u></u>	<u><u>\$ 218,891</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 418,763</u></u>

The aging of the installment sales receivable portfolio as of May 31, 2026 is summarized as follows:

	<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</u>
Installment Sales Receivable	<u>\$ 903</u>	<u>\$ 899</u>	<u>\$ 895</u>	<u>\$ 5,571</u>	<u>\$ 410,495</u>	<u>\$ 418,763</u>

The allowance for credit losses is based on management's installment sale risk ratings. The funding of the allowance account is adjusted based on the installment sale risk rating calculation. The allowance for credit losses at May 31, 2026 is \$25,887.

Activity in the allowance for credit losses is as follows for 2026:

Balance - May 31, 2025	\$ 45,861
Reversal of Credit Loss Expense	<u>(19,974)</u>
Balance - May 31, 2026	<u>\$ 25,887</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, 2026

NOTE 6 – OTHER RECEIVABLES

Other receivables consist of the following at May 31, 2026:

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 \$202,117 is based on the schedule of remaining payments under the agreement.

	\$ 202,117
Total Other Receivables	202,117
Less: Current Portion	(202,117)
Other Receivable, Net	\$ -

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

2027	\$ 202,117
Total	\$ 202,117

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, 2026 there was no outstanding industrial development revenue bonds.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2026

NOTE 8 – RESTRICTED NET POSITION

Rural Business Enterprise Loan Fund	\$ 98,801
Total Restricted Net Position	<u>\$ 98,801</u>

The Agency 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. The restricted assets relating to the RBEG program consist of cash and cash equivalents.

NOTE 9 – RELATED PARTY

Beginning October 2023, the Agency entered an agreement 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. Naturally Lewis will not cover the Agency's operating expenses. The Agency reported a related party receivable in the amount of \$284,937 as of the year ended May 31, 2026 for overpayment of contract fees incurred during the years ended 2024 and 2023 to be reimbursed by Naturally Lewis in the amount of \$31,660 annually over ten years beginning November 2025.

NOTE 10 – PILOT PROGRAM

The Agency is also a party to agreements allowing for payment in lieu of tax (PILOT) for certain properties. The Agency invoices and collects these taxes and then issues its own check to pay the taxing jurisdiction. Amounts billed by the Agency and not received as of year-end are reported as other receivables in the accompanying statement of net position. PILOT monies receivable for the year ended May 31, 2026 are \$-0-.

PILOT monies received through year end but not yet paid out to taxing jurisdictions and PILOT monies receivable at year-end that represent future PILOT payments are reported as other liabilities in the accompanying statement of net position. Due to other governments are PILOT amounts due to the taxing jurisdictions. PILOT monies payable for the year ended May 31, 2026 are \$1,000,000.

The Agency reports no revenues or expenses related to PILOT programs as amounts are only passed-through the Agency.

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
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, 2026, 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 21, 2026.

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.

Bowers & Company CPAs, PLLC

Watertown, New York
August 21, 2026

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

**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, 2026, 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 21, 2026.

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, 2026. 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.

Bowers & Company CPAs, PLLC

Watertown, New York
August 21, 2026

August 21, 2026

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, 2026. 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 March 16, 2026. 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 changes during 2026. 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 estimate affecting the financial statements was:

Management's estimate of whether an allowance for credit losses is necessary is based on an analysis of the collectability of the installment sale portfolio at year-end. We evaluated the current installment sale 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 21, 2026.

To the Board of Directors of
County of Lewis Industrial Development Agency
August 21, 2026
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 CPAs, PLLC

Schedule of Material Misstatements Corrected by Management

Adjusting Journal Entries JE # 1			
To report sale of Bank property			
3900	Rev from Sale of Property	51,307	
5002	Invested in Capital Assets	52,183	
1978	Harrisville Bank Building		45,500
1979	Harrisville Bank Land		4,500
3072-01	Loss on Disposal		1,307
5003	Retained Earnings		52,183
Total		103,490	103,490

Adjusting Journal Entries JE # 2			
To reallocate PILOT payable balances			
3076	PILOT Payments passthrough	1,000,000	
2300	PILOTs Payable		1,000,000
Total		1,000,000	1,000,000

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, 2026, 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 21, 2026, 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:

Segregation of Duties

During the audit, we noted that a significant portion of the controls and procedures related to revenue transactions are performed by a single individual. This concentration of responsibilities limits the segregation of duties and may reduce the organization's ability to timely prevent or detect errors or irregularities.

Recommendation

We recommend that the organization evaluate opportunities to strengthen segregation of duties by reassigning certain responsibilities to other staff, where practical. If staffing limitations make additional segregation impractical, the organization should consider engaging an experienced external accounting firm or bookkeeper to provide additional oversight and review.

IT security policy

As part of our audit procedures, we reviewed the Organization policies and discussed the internal control environment and processes with members of management related to the IT environment. The Organization does not currently have any formal policy and had identified weaknesses in place related to security scans, VPN multifactor identification, encryption settings, password protections, etc.

Recommendation

We recommend the Organization develop internal procedures and adopt a policy to address the IT environment usage and security, and plans for cyber-security incident response.

Documentation on Memorandum of Understandings

During our audit procedures, we noted that the Board approved an extension of the payment period related to installment agreements with a local business. Under the terms of the applicable agreement, modifications require the approval of both parties. When supporting documentation was requested during the audit, the Organization obtained a signed copy of the modification; however, the documentation was dated after the approved extension period had ended.

Recommendation

We recommend that the Organization establish procedures to ensure that contract modifications, extensions, and other amendments requiring approval by multiple parties are formally documented and executed in a timely manner. Fully executed documentation should be obtained prior to, or contemporaneously with, the effective date of the modification and retained with the original agreement to provide appropriate support for the terms in effect.

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

Bowers & Company CPAs, PLLC

Watertown, New York
August 21, 2026