



BOWERS & COMPANY
CPAs PLLC

CERTIFIED PUBLIC ACCOUNTANTS - BUSINESS CONSULTANTS

July 31, 2017

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, 2017. 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 2, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by County of Lewis Industrial Development Agency are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. 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 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.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

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 July 31, 2017.

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.

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Other Audit Findings or Issues

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

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

Very truly yours,

Bowers & Company

Client: County of Lewis Industrial Development Agency
 Engagement:
 Period Ending: 5/31/2017
 Trial Balance:
 Workpaper:

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 2		RP 02.02		
to adjust beginning of year net position to audited PY balance				
3011	Micro Enterprise Loan		76,193.00	
2451	Deferred Revenue - Micro Enterprise Loan			76,193.00
Total			<u>76,193.00</u>	<u>76,193.00</u>
Adjusting Journal Entries JE # 5		RP 02.02		
to reclassify BarkEstery Loan Receivable to Investment Property				
1975	Investment in Trinity Ave Building		100,149.00	
2400	Unearned Interest Revenue		14,217.00	
1161	Lease Rec BE Trinity			100,149.00
1975	Investment in Trinity Ave Building			14,217.00
Total			<u>114,366.00</u>	<u>114,366.00</u>
Adjusting Journal Entries JE # 7		RP 02.02		
reclassify PILOT revenue				
2300	PILOTs Payable		83,639.00	
3070	Revenues-Fee Pilot Fees			83,639.00
Total			<u>83,639.00</u>	<u>83,639.00</u>
Adjusting Journal Entries JE # 9		RP 02.02		
to reclassify retained earnings to net position				
3000	Unrestricted Net Position		120,119.00	
3006	Retained Earnings			120,119.00
Total			<u>120,119.00</u>	<u>120,119.00</u>
Adjusting Journal Entries JE # 10		RP 02.02		
to reclassify building and equipment costs from project expense				
1951	Purchase Option - Business Park		5,000.00	
1970	Project in Progress- Business Park		26,963.00	
1971	Project in Progress- BarkEsters		24,938.00	
1975	Investment in Trinity Ave Building		547.00	
1975	Investment in Trinity Ave Building		3,500.00	
3229	Project expenses			69,401.00
3280	Construction			547.00
Total			<u>60,948.00</u>	<u>60,948.00</u>
Adjusting Journal Entries JE # 12		RP 02.02		
to recognize contract revenue from deferred revenue				
2450	Deferred revenue		156,977.00	
3071	Contract Revenue - Lewis County			156,977.00
Total			<u>156,977.00</u>	<u>156,977.00</u>
Adjusting Journal Entries JE # 14		RP 02.02		
To take out Prior Year Otis PILOT Revenues				
3070	Revenues-Fee Pilot Fees		64,526.00	
3230	Agency Exp Pilot Fees:County			14,850.00
3240	Agency Exp Pilot Fees:School			26,000.00
3250	Agency Exp Pilot Fees:Town			8,211.00
3260	Agency Exp Pilot Fees:Village			15,465.00
Total			<u>64,526.00</u>	<u>64,526.00</u>
Adjusting Journal Entries JE # 15		RP 02.02		
To record Current Year's Otis PILOT Revenue				

Client: County of Lewis Industrial Development Agency
 Engagement:
 Period Ending: 5/31/2017
 Trial Balance:
 Workpaper:

Account	Description	W/P Ref	Debit	Credit
3230	Agency Exp:Pilot Fees:County		19,771.00	
3240	Agency Exp:Pilot Fees:School		35,156.00	
3250	Agency Exp:Pilot Fees:Town		11,077.00	
3260	Agency Exp:Pilot Fees:Village		19,994.00	
3070	Revenues-Fee:Pilot Fees			85,998.00
Total			85,998.00	85,998.00
Adjusting Journal Entries JE # 16				
To increase the invested capital Assets				
		01-W.01		
3000	Unrestricted Net Position		241,077.00	
3005	Invested in capital assets			241,077.00
Total			241,077.00	241,077.00
Adjusting Journal Entries JE # 18				
to record PILOT revenue and expense for Lyonsdale BioMass				
		01-Y.01a		
3230	Agency Exp:Pilot Fees:County		61,552.00	
3240	Agency Exp:Pilot Fees:School		109,438.00	
3250	Agency Exp:Pilot Fees:Town		54,010.00	
3070	Revenues-Fee:Pilot Fees			225,000.00
Total			225,000.00	225,000.00
Adjusting Journal Entries JE # 19				
to record current maturities of notes receivable				
		01-H.04		
1105	Current Portion of Long Term Receivables		21,195.00	
1990	Current portion of receivables			21,195.00
Total			21,195.00	21,195.00
Adjusting Journal Entries JE # 20				
To Move the RBEG Grant to Restricted from Unrestricted				
3000	Unrestricted Net Position		25,000.00	
3007	Restricted Net Position			25,000.00
Total			25,000.00	25,000.00
Adjusting Journal Entries JE # 21				
To record write down of ReEnergy (Lyonsdale BioMass) PILOT				
		01-C.01		
2300	PILOTs Payable		125,000.00	
3070	Revenues-Fee:Pilot Fees		125,000.00	
1101	Accounts Receivable			125,000.00
3270	PILOT Adjustment for ReEnergy			125,000.00
Total			250,000.00	250,000.00