



**BOWERS & COMPANY
CPAs PLLC**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **COUNTY OF LEWIS INDUSTRIAL DEVELOPMENT AGENCY**, as of and for the year ended May 31, 2018, 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 July 31, 2018.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Lewis Industrial Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Lewis Industrial Development Agency's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the schedule of findings and responses that we consider to be a significant deficiency. Finding 2018-001 is considered a significant deficiency.

Compliance and Other Matters

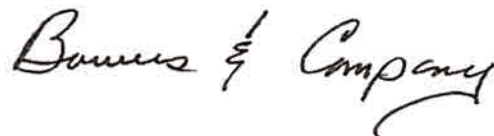
As part of obtaining reasonable assurance about whether County of Lewis Industrial Development Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could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

Response to Findings

County of Lewis Industrial Development Agency's response to the findings identified in our audit is listed in the schedule of findings and responses. County of Lewis Industrial Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Watertown, New York
July 31, 2018

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

SCHEDULE OF FINDINGS AND RESPONSES

May 31, 2018

**FINDING 2018-001 SIGNIFICANT DEFICIENCY
PREPARATION OF FINANCIAL STATEMENTS**

Condition: Management is unable to prepare the financial statements in accordance with GAAP and relies on the external auditor to prepare the financial statements. The auditor also prepares several journal entries to correct account balances.

Criteria: Management needs to exercise control over the preparation of its financial statements. To exercise control, management must possess the necessary accounting expertise to prevent, detect and correct a potential misstatement in its financial statements.

Cause: While it is common practice for the auditor to prepare the financial statements; management's choice to have the auditor prepare the financial statements is a significant deficiency.

Effect: Management may not be able to detect and correct potential misstatements in its financial statements.

Recommendation: An appropriate internal control could be hiring additional staff with the knowledge and ability to prepare the financial statements or hiring another accountant to prepare the financial statements before the audit commences.

Response: It is felt that the cost of contracting with another accounting firm to prepare the statement for the LCIDA is not cost beneficial or cost effective. Internal statements are prepared on a regular basis and reviewed by the Board of Directors. For small agencies with modest budgets, such as LCIDA, the expense of another accounting firm is cost prohibitive.