

Mission: 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 a brighter and more inclusive future for all.

- I. **Call to Order** **8:15AM**

- II. **Privilege of the Floor**
 - I. Bowers & Co – 2024-2025 Audit
 - i. Management Letter
 - ii. Board Communication Letter

- III. **Minutes** for July 3, 2025 Board Meeting

- IV. **Financial Reports** for May - June 2025

- V. **Items for Approval** **8:30AM**

- VI. **IDA Report**

- VII. **Correspondence**
 - I. 2024 PARIS Reporting feedback

- VIII. **Items for Discussion** **9:00AM**
 - I. Comptrollers Audit – Corrective Action Plan – Review
 - II. Check Signers & Bank
 - III. Harrisville Bank Property Marketing
 - i. Sell Sheet
 - ii. Window Posters (for use in future spaces as well!)
 - IV. General Martin Apartments anticipated incentive application
 - V. Installment Sale Van follow up
 - VI. Annual Acknowledgement of Fiduciary Duty
 - VII. Annual Board of Directors Evaluation

- IX. **Executive Session - Personnel Matters**

- X. **Adjournment** **9:45AM**

Coming up:

MPI Incentive Application Public Hearing – August 25 – 2:00pm – Riverside Park, Lyons Falls



County of Lewis IDA
Regular Board Meeting **Agenda**
August 7, 2025 | 8:15am – 9:45am
Lewis County JCC Education Center | Lowville, NY

LCIDA Regular Board Meeting – September 4 – 8:15am – LC JCC Education Center (Boardroom)

LCIDA ABO Boardmember Training update - September TBD - 9:30-11:30am

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

FINANCIAL STATEMENTS
May 31, 2025

Draft

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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, 2025, 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, 2025, 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.

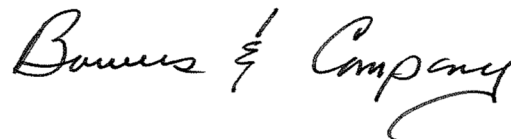
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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 XX, 2025 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 XX, 2025

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2025

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, 2025. 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. Additionally, the Agency administers installment sales, otherwise known as "lease-to-own," for several local businesses.

During the prior 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, 2025

OPERATION HIGHLIGHTS - Continued

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, 2025

OPERATION HIGHLIGHTS - Continued

- The Agency purchased a Snow Groomer and entered into an installment sale agreement with Snow Ridge Resort.
- Pre-application work with MPI, Hydrostor, Sugar Maple and General Martin Apartments and the affected taxing jurisdictions on prospective incentive projects.

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 2024-25 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, 2025

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, 2025 were \$4,626,150. This was a decrease of \$56,438 total assets of \$4,682,588, at May 31, 2024. The decrease was attributed to the current year operating loss.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2025

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, 2025 and 2024:

Condensed Statements of Net Position

	2025	2024
ASSETS		
Current and Other Assets	\$ 3,649,455	\$ 3,758,906
Restricted Assets	98,554	179,317
Capital Assets	52,183	74,314
Other Receivables, Net	202,117	404,234
Related Party Receivable, Net	278,897	-
Loans Receivables, Net	344,944	265,817
Total Assets	<u>\$ 4,626,150</u>	<u>\$ 4,682,588</u>
NET POSITION		
Net Investment in Capital Assets	\$ 52,183	\$ 74,314
Restricted	98,554	179,317
Unrestricted	4,475,413	4,428,957
Total Net Position	<u>\$ 4,626,150</u>	<u>\$ 4,682,588</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, 2025

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

	2025	2024
OPERATING REVENUES		
Agency Fees	\$ 20,282	\$ 10,833
Contract Revenue	-	4,845
Operating Grant Revenue	-	77,547
Miscellaneous Revenue	5,043	-
Credit Loss Recovery	1,950	1,155
Interest from Loans Receivables	10,690	7,748
Total Operating Revenues	37,965	102,128
OPERATING EXPENSES		
General Operations	16,736	175,474
Administrative Services	26,930	295,890
Operating Grant Expense	-	77,547
Professional Fees	16,106	47,389
Economic Development Expense	4,858	8,220
Total Operating Expenses	64,630	604,520
Operating Income (Loss)	(26,665)	(502,392)
NON-OPERATING REVENUES (EXPENSES)		
Gain (Loss) on Sale of Building	(74,314)	6,429
Transfers to Lewis County Development Corporation	(81,297)	-
Interest Revenue	125,838	70,938
Total Non-Operating Revenues (Expenses)	(29,773)	77,367
Change in Net Position	(56,438)	(425,025)
Net Position, Beginning of Year	4,682,588	5,107,613
Net Position, End of Year	\$ 4,626,150	\$ 4,682,588

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, 2025

OVERVIEW OF FINANCIAL STATEMENTS - Continued

The change in net position was \$(56,438) for the year ended May 31, 2025. This was a decrease from \$(425,025) for the year ended May 31, 2024. The decrease was mostly attributed to a reduction 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, 2025 and 2024 are summarized as follows.

	2025	2024
Investment Property	<u>\$ 52,183</u>	<u>\$ 74,314</u>

The Agency completed the write-off assets invested in the creation of a business park, ending in 2018, as there is no further plan to move forward with that property.

The Agency purchased a former bank building in the Town of Diana with the intent to resell the property or make it available for lease to spur economic activity in the hamlet of Harrisville.

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

May 31, 2025

ECONOMIC FACTORS AND FUTURE OUTLOOK

During the 2024-2025 year, several projects were started which will enhance the economy for 2025-2026. 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.
- CP New Bremen One – This 3MW solar project in New Bremen, NY became operational and their first PILOT payment was received in 2025.
- CP New Bremen Two – This 3MW solar project in New Bremen, NY became operational and their first PILOT payment was received in 2025.
- Red Barn Meats – This expansion project in New Bremen, NY will be completed in 2025 and their first PILOT payment is expected in 2026.
- 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 2024-2025, 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
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MANAGEMENT'S DISCUSSION AND ANALYSIS

May 31, 2025

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
Email: brittany@naturallylewis.com
Web Address: www.naturallylewis.com

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

AUDITED BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

May 31, 2025

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 1,821,974
Current Portion of Loans Receivable	61,647
Current Portion of Related Party Receivable	37,700
Current Portion of Other Receivables	202,117
Total Current Assets	2,123,438

RESTRICTED ASSETS

Restricted Cash and Cash Equivalents	98,554
Total Restricted Assets	98,554

NON-CURRENT ASSETS

Certificates of Deposit	1,526,017
Loans Receivable, Net of Current Portion	344,944
Related Party Receivables, Net of Current Portion	278,897
Other Receivables, Net of Current Portion	202,117
Capital Assets	52,183
Total Other Non-Current Assets	2,404,158
TOTAL ASSETS	\$ 4,626,150

NET POSITION

NET POSITION

Net Investment in Capital Assets	\$ 52,183
Restricted	98,554
Unrestricted	4,475,413
TOTAL NET POSITION	\$ 4,626,150

**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, 2025

OPERATING REVENUES	
Agency Fees	\$ 20,282
Credit Loss Recovery	1,950
Miscellaneous Revenues	5,043
Interest From Loans Receivable	10,690
Total Operating Revenues	<u>37,965</u>
OPERATING EXPENSES	
Credit Losses Expense	6,488
Building Occupancy Expenses	9,084
Economic Development Expenses	4,858
Administrative Services	26,930
Insurance	424
Marketing	22
Office Supplies and Expenses	718
Professional Fees	16,106
Total Operating Expenses	<u>64,630</u>
OPERATING LOSS	<u>(26,665)</u>
NON-OPERATING REVENUE (EXPENSES)	
Loss on Disposal of Capital Asset	(74,314)
Transfers to Lewis County Development Corporation	(81,297)
Interest Revenue	125,838
Total Non-Operating Revenues (Expenses)	<u>(29,773)</u>
Change in Net Position	(56,438)
Net Position, Beginning of Year	<u>4,682,588</u>
Net Position, End of Year	<u>\$ 4,626,150</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, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Principal Loan Collections	\$	25,737
Cash Received from Interest on Loans Receivables		10,690
Cash Received from Administrative Fees		322,399
Cash Received from Other Revenue		5,043
Cash Payments for Administrative Services		(139,282)
Cash Payments to Suppliers for Goods and Other Costs		(26,354)
Cash Payments for Projects		(4,858)
Cash Payments for Loan Originations		(125,000)
Net Cash Used In Operating Activities		68,375

CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES

Transfers to Lewis County Development Corporation		(68,678)
Purchase of Certificates of Deposit		(1,500,000)
Purchase of Capital Assets		(52,183)
Net Cash Used In Capital and Financing Activities		(1,620,861)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest Earned		99,821
Net Cash Provided By Investing Activities		99,821

Net Decrease in Cash		(1,452,665)
Cash and Cash Equivalents, Beginning of Year		3,373,193
Cash and Cash Equivalents, End of Year	\$	1,920,528

RECONCILIATION TO THE STATEMENT OF NET POSITION

Cash and Cash Equivalents	\$	1,821,974
Restricted Cash and Cash Equivalents		98,554
Total Cash and Cash Equivalents	\$	1,920,528

Reconciliation of Operating Loss to Net Cash Used In

Operating Activities:		
Operating Loss	\$	(26,665)
Credit Loss Recovery/Expense		4,538
(Increase) Decrease in Operating Assets:		
Prepaid Expenses		204,245
Related Party Receivable		(316,597)
Loans Receivable		(99,263)
Other Receivables		302,117
Net Cash Used In Operating Activities	\$	68,375

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, 2025

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 Lewis County since the Lewis County Board of Legislators appoints the Agency’s board of directors. Lewis County omits the Agency’s financial statements as a component unit in their financial statements since the Agency board members have complete responsibility for the management of the Agency and accountability for fiscal matters.

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2025

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.

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, 2025

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.

Investment Pool - NYCLASS

The Agency participates in a multi-municipal cooperative investment 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, 2025, the Agency held \$1,379,163 in the investment pool.

The amounts held represent the cost of the investment pool shares and are considered to approximate net asset value. The investment pool is categorically exempt from the New York State collateral requirements. Additional information concerning the cooperative is presented in the annual report of NYCLASS.

Certificates of Deposits

The Organization held certificate of deposits (CDs) of \$1,526,017 as of May 31, 2025. The \$509,099 CD has an interest rate of 3.6% with a maturity of December 3, 2025. The \$1,016,918 CD has an interest rate of 3.6% with a maturity of December 4, 2025.

Loans Receivable and Allowance for Credit Losses

Loans receivable are stated at the 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 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.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2025

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES - Continued

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, 2025, 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, 2025, 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.

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 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.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2025

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – Continued

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 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, 2025 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.

Statement of Cash Flows

There were no noncash investing and financing activities for the year ended May 31, 2025.

Supplemental disclosures of noncash operating activities for the year ended May 31, 2025 is as follows:

Transfer of Micro Loan Receivable balances To Development Corporation	\$ 12,619
Total Noncash Transactions	<u>\$ 12,619</u>

Date of Management’s Review

Management has evaluated subsequent events and transactions that occurred between May 31, 2025 through August XX, 2025, 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**

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2025

**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)
\$1,817,633	\$ -

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2025

NOTE 4 – CAPITAL ASSETS

Capital Assets at May 31, 2025 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Non-Depreciable Assets:				
Investment Property	\$ 74,314	\$ 52,183	\$ (74,314)	\$ 52,183
Capital Assets	<u>\$ 74,314</u>	<u>\$ 52,183</u>	<u>\$ (74,314)</u>	<u>\$ 52,183</u>

The Agency had identified a site for a future business park near the Village of Lowville. During the current fiscal year, the Board and management determined the site location was no longer suitable and expensed the \$74,314 in previously reported planning and development costs as a loss on disposal of capital asset.

The Agency purchased a building located at State Street in Diana, New York, which was purchased at a cost of \$52,183 in May 2025. The building will be held for investment and future projects.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2025

NOTE 5 – LOANS RECEIVABLE, NET

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, 2025, the unrestricted loans receivable net of the allowance for credit loss was \$406,591.

Loans Receivable, net consist of the following at May 31, 2025:

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. \$ 10,701

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. 91,984

Subtotal \$ 102,685

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

May 31, 2025

NOTE 5 – LOANS RECEIVABLE, NET - Continued

Subtotal from Previous Page	\$ 102,685
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.	130,353
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.	96,839
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>122,575</u>
Total Loans Receivable	452,452
Less: Allowance for Credit Loss	<u>(45,861)</u>
Loans Receivable, Net	<u><u>\$ 406,591</u></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, 2025

NOTE 5 – LOANS RECEIVABLE, NET - Continued

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

2026	\$	61,647
2027		57,648
2028		62,795
2029		73,068
2030		86,111
Thereafter		111,183
Total	\$	<u>452,452</u>

Credit Quality Information

Credit quality as of May 31, 2025 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 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 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, 2025

NOTE 5 – LOANS RECEIVABLE, NET - Continued

Credit Quality Information - Continued

May 31, 2025	<u>Satisfactory</u>	<u>Watch</u>	<u>Substandard</u>	<u>Total Loans Receivable</u>
Loans Receivable	\$ 441,751	\$ 10,701	\$ -	\$ 452,452
	<u>\$ 441,751</u>	<u>\$ 10,701</u>	<u>\$ -</u>	<u>\$ 452,452</u>

The aging of the Loans Receivable portfolio as of May 31, 2025 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 Loans Receivable</u>
Loans Receivable	<u>\$ 1,458</u>	<u>\$ 1,453</u>	<u>\$ 1,447</u>	<u>\$ 11,188</u>	<u>\$ 436,906</u>	<u>\$ 452,452</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, 2025 is \$45,861.

Activity in the allowance for credit losses is as follows for 2025:

Balance - May 31, 2024	\$ 41,323
Provision for Credit Loss	6,488
Recovery	<u>(1,950)</u>
Balance - May 31, 2025	<u>\$ 45,861</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, 2025

NOTE 6 – OTHER RECEIVABLES

Other receivables consist of the following at May 31, 2025:

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 \$404,234 is based on the schedule of remaining payments under the agreement.

	<u>\$ 404,234</u>
Total Other Receivables	404,234
Less: Current Portion	<u>(202,117)</u>
Other Receivable, Net	<u><u>\$ 202,117</u></u>

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

2026	\$ 202,117
2027	<u>202,117</u>
Total	<u><u>\$ 404,234</u></u>

NOTE 7 – INDUSTRIAL DEVELOPMENT REVENUE BONDS

Certain industrial development revenue bonds and notes issued by the Agency are secured by property, which is leased to companies and is retired with lease payments. The bonds are not obligations of the Agency or the State. The Agency does not record assets or liabilities resulting from completed bond issues in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond holders, and funds arising from issues are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds. At May 31, 2025 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, 2025

NOTE 8 – RESTRICTED NET POSITION

Rural Business Enterprise Loan Fund	<u>\$ 98,554</u>
Total Restricted Net Position	<u><u>\$ 98,554</u></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

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. The Agency reported a related party receivable in the amount of \$316,597 as of the year ended May 31, 2025 for overpayment of contract fees for the years ended 2024 and 2023 to be reimbursed by Naturally Lewis in the amount of \$37,700 annually over ten years. Repayment will begin during the year ending May 31, 2026.

The Agency has renewed the service agreement with Naturally Lewis for the calendar year ended December 31, 2025 in the amount of \$274,717.

During the fiscal year ended May 31, 2025, the Agency transferred assets restricted to the microloan program to the Lewis County Development Corporation (LCDC) of \$12,619 in loan receivables and \$68,678 in cash balances to the LCDC to assume future program operations.

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 COMPENENT 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, 2025, 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 XX, 2025.

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.

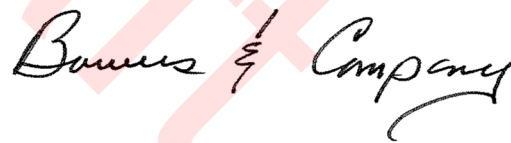
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Watertown, New York
August XX, 2025

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, 2025, 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 XX, 2025, 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, it was noted that the fee for the Organization's contract with Naturally Lewis, a related party who conducts management services, was incorrectly calculated and paid to Naturally Lewis. Additionally, the annual audit included multiple proposed journal entries to ensure fair presentation of the financial statements. The Organization would likely benefit by contracting a bookkeeper and/or CPA to perform reviews of the financial statements, related party transactions and other matters as required.

Recommendation

We recommend the Agency engage an experienced external accounting firm or bookkeeper to increase segregation of duties by performing a review of the financial and budget reporting, assist the board in review of related party billings, and address other internal consulting and review matters.

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

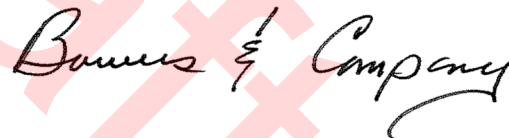
Documentation on Memorandum of Understandings

During our audit procedures, 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 Directors, management and others within the Agency and is not intended to be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Bowers & Company". The signature is written in a cursive style and is positioned in the lower right quadrant of the page, overlapping a large, faint, red watermark that says "Draft".

Watertown, New York
August XX, 2025



Present: Joe Lawrence, Gagan Singh, Herb Frost, Jerry Haenlin, Darlene Rowsam, McKenzie Lehman, Jessica Moser

Others Present: Eric Virkler (Lewis County), Candace Randall (Campany, McArdle & Randall), Brittany Davis, Cheyenne Steria, Kaylee Tabolt, Cheryl Sanders

I. Call to Order

- a. Chairman Joe Lawrence called the meeting to order at 8:20am.

II. Item for Approval – McRez Meat Packing International LLC Project

- a. Cheyenne Steria provided the Board with the history of the MPI project and his business plan. Cheyenne Steria noted that MPI is looking for Sales Tax Exemption, a traditional PILOT, and an Installment Sale for the above-ground portion of a water filtration system. The Board discussed Rez’ experience in the industry and the specifics of the project. Herb Frost suggested putting a lien on the property the filtration system would sit on due to the costs of removing equipment from the land to resell it in the event that payment default. Gagan Singh commented that the Board should take thoughtful risk to support business development. Jessica Moser added that the IDA can not put a lien on the land as the IDA will not own the land. Candace Randall clarified that through the PILOT, the IDA would own the land. There will be a stipulation in the Installment Sale Agreement that the land the water filtration system sits on in the case of defaulted payments.

- i. A motion to set the Public Hearing for the MPI project was made by Gagan Singh and seconded by Herb Frost. McKenzie Lehman noted that BCA Architects & Engineers has been working with McRez Packing International though she has not been directly involved in the project.

1. Roll Call:

Gagan Singh YES

Joe Lawrence YES

Jessica Moser YES

Darleen Rowsam YES

Herb Frost YES

McKenzie Lehman YES

Motion carried.

III. Minutes for the June 2025 Regular & Annual Board Meeting

- a. A motion to approve the **June 2025 Regular Board Meeting Minutes** was made by Jerry Haenlin and seconded by Herb Frost. All present voted in favor and motion carried.
- b. A motion to approve the **June 2025 Regular Board Meeting Minutes** was made by Gagan Singh and seconded by Jessica Moser. All present voted in favor and motion carried.

IV. 2025 Financials

- a. The Board reviewed and discussed the previously distributed **May 2025 Financial Reports**. Cheyenne Steria provided notables.
 - i. A motion to approve the previously distributed **May 2025 Financial Reports** was made by Jerry Haenlin and seconded by McKenzie Lehman. All present voted in favor and motion carried.
 - ii. Cheyenne Steria commended the Board on their actions to purchase the bank to resell it to a local developer.

V. Items for Approval

- a. Authorize the IDA to Enter into a Contract with Empire State Development
 - i. The Board discussed the need for authorization to enter into a contract with Empire State Development regarding the Lowville DRI Award. Cheyenne Steria provided the Board with an update on the DRI process and the awarded project details. The Board understands that they will have to purchase the Mandeville Studios building and that the costs for rehabilitation must be paid up front and they will be reimbursed by DRI funding. The Board questioned how long the project will take through Empire State Development; staff confirmed that DRI is a multi-year program. Jerry Haenlin added that the City of Watertown was awarded DRI funding in 2017 and there are still projects being completed. Cheyenne Steria noted that the IDA has the funding they need to complete the project, so there won't be capital fundraising which will make the project relatively quicker.
 1. A motion to authorize the IDA entering into any contract associated with the DRI project was made by Herb Frost and seconded by Jerry Haenlin. All present voted in favor and motion carried.
- b. Black River Valley Naturals Installment Sale

- i. The Board reviewed and discussed the Finance Committee recommendation to move forward with an Installment Sale Agreement with the . Jessica Young noted that this Installment Sale Agreement feels “really bad” to her from a liability perspective. Candace Randall questioned if there would only be one driver of the vehicle. Cheyenne Steria confirmed that there would be various drivers as it would be used as a delivery van; Cheyenne Steria noted that the IDA has an Installment Sale for snow groomers. Jessica Moser stated that the van will be traveling and there is great liability with a delivery van versus a snow groomer that stays in one place. Gagan Singh questioned if insurance could cover this liability. Candace Randall confirmed that the IDA would need to hold insurance on this equipment in addition to Black River Valley Natural. Eric Virkler questioned if the IDA has any other agreements with Black River Valley Natural. Brittany Davis confirmed that the IDA has existing Installment Sale Agreements with Black River Valley Natural. The Board discussed the logistics of covering liability and the risk associated with the application. Darlene Rowsam questioned if the applicant is unable to get a loan for a vehicle or to lease it. Darlene Rowsam noted that this applicant has received various forms of assistance from the IDA and noted that the IDA does not exist to support one business. Herb Frost added that he also does not feel good about approving this application and that the business plan for this applicant seems unsteady; the applicant just asked for a different type of equipment at another IDA meeting this year. The Board has concerns with the amount of debt the applicant has. Joe Lawrence countered that in dollar amounts this applicant has not received substantial amounts of support. Herb Frost commented that the business plan is not steady and this applicant does not seem dependable. Gagan Singh questioned if the IDA can cosign on the purchase of the van rather than provide financial support. Joe Lawrence noted that this application is a broader question of if the application is a priority in our community and what happens if we do not support a food manufacturing business and agricultural business. Joe Lawrence added that the community is reliant on Kraft for our

local dairy processing and supporting a business like Black River Valley Naturals should be a priority. Herb Frost agreed while noting that this business has a questionable business management track record and noted concerns with taking on more debt. Jessica Young agrees with Herb and adds that the liability of this vehicle being on the road consistently. Brittany Davis noted that this approval will still leave room for staff to decide which van and its condition can be purchased. The Board questioned how the vehicle would be maintained. Gagan Singh made a motion to approve of the Installment Sale Agreement. McKenzie Lehman questioned what the cost of the IDA's insurance policy would be. Gagan Singh asked for clarification as he thought that the applicant would hold insurance. Candace Randall clarified that both parties would need an insurance policy. The Board discussed tabling the vote until the IDA can receive insurance quotes. Joe Lawrence added that the IDA is not a business that needs to make money – this business is looking for support. Jessica Young clarified that the IDA is not a business, but it also needs to be fiscally responsible. Herb Frost agrees that this is responsibility when considering risk-taking. Joe Lawrence added that a no-vote would be more appropriate than tabling the vote as the business will need to know how to act rather than waiting for a response. Cheyenne Steria noted that the applicant did wait in getting the completed application to staff for months, so waiting another month to make an informed decision is also a consequence of that.

1. A motion to approve the resolution authorizing the agency to execute the purchase agreement for a refrigerated van not to exceed \$30,000.00, subject to the Board's final approval of the vehicle and review of insurance costs associated, and the Installment Sale Agreement was made by Jerry Haenlin and seconded by Gagan Singh. Joe Lawrence, Gagan Singh, Jerry Haenlin, and McKenzie Lehman voted in favor. Darlene Rowsam, Jessica Young, and Herb Frost against. Motion carried.

VI. Items for Discussion

- a. Appraisal Cost for Harrisville Site

- i. A motion to move forward with the appraisal of the former HDK/Geiterdone Site was made by Gagan Singh and seconded by Jessica Young.
- b. Second Place Beer Co Updates
 - i. Brittany Davis updated the Board on the correspondence from staff that was requested by the IDA Board at the June meeting. Staff has yet to receive the June payment and has not had a response on correspondence since June 18, 2025. The Board discussed how to move forward with this business. Gagan Singh and staff will each connect with the business owner further.
- c. Executive Director Resignation Effective July 31
 - i. Brittany Davis notified the IDA Board of her resignation from her position as the Executive Director of Naturally Lewis, Inc., effective July 31, 2025, which means she will not be the contracted Executive Director for the IDA after that date. Brittany Davis noted that this planned transition's timeline moved ahead earlier than her Fall 2025 intended end date due to ongoing challenges with the Naturally Lewis, Inc. Board and Lewis County.
- d. IDA Audit
 - i. Joe Lawrence noted that "an ant hill was made into a mole hill" when the media reported on the IDA Audit. Joe Lawrence added that there are challenges at the Naturally Lewis, Inc. level in light of the Lewis County response to the audit, which the IDA Board has been aware of and been handling. Joe Lawrence commented that the IDA Board is in the 90-day period to respond to the Comptroller's Office. Joe Lawrence added that with Jessica Moser being the Lewis County appointed official and Gagan Singh being the Naturally Lewis, Inc. Appointed official, then the IDA should make sure they are more clearly communicating with partner organizations. Brittany Davis added that she has moved up her timeline to leave due to events over the last couple of weeks and the horrible environment of the Naturally Lewis politics. Gagan Singh noted that Brittany's emotion is having this conversation should make everyone aware of how severe this issue is. Jessica Young noted that she has to wear her "Lewis County hat" in these discussions as she is the Lewis County Board of

Legislators. Gagan Singh validated this, while acknowledging the responsibilities of any IDA Board Member. Cheyenne Steria clarified for the purpose of the livestream that there is no taxpayer dollar with the IDA. Jessica Moser noted that the full Board of Legislators demanded a County statement and that she wanted a County statement due to personal accusations being made towards herself and other Board members. Jessica Young noted that she does not know if the Lewis County Statement she approved was the first or the final draft as it was amended between Legislators. Gagan Singh confirmed that the County had the place to submit a statement and provide clarity – but called for the inclusion of the IDA in their public conversation about us, in the name of partnership. Brittany Davis noted that in her final weeks she will be working through the IDA Corrective Action Plan and that staff and the Naturally Lewis, Inc. Board will be going through remediation to correct the course.

VII. Adjournment

- a. A motion to adjourn was made at 10:11am by Gagan Singh and seconded by Herb Frost. All present voted in favor and motion carried.

Expenses by Vendor Summary

County of Lewis IDA

May 1-June 30, 2025

VENDOR	TOTAL
Naturally Lewis Inc.	73,679.27
Company, McArdle & Randall, PLLC	47,738.66
Camoin Associates	1,916.50
North Country CPAs	749.41
Attica Self Storage, Inc.	600.00
Mount Vernon Fire Insurance Company	447.60
The Hartford	447.50
The Farmhouse Boutique	350.00
Bowers & Company CPA's PLLC	210.00
Walmart	31.01
TOTAL	\$126,169.95

Profit and Loss
 County of Lewis IDA
 May 1-June 30, 2025

DISTRIBUTION ACCOUNT	TOTAL
Income	
3022 Interest Income	0
3020 IDA - Bank Accounts Interest	25,090.99
3091 IDA - Installment Sale Interest Income	0
2nd Place Beer Equipment Interest	436.01
2nd Place Beer Property Interest	451.73
3034 Snow Ridge Groomer 1	325.84
3036 Snow Ridge Groomer 2	1,552.42
Total for 3091 IDA - Installment Sale Interest Income	\$2,766.00
Total for 3022 Interest Income	\$27,856.99
Total for Income	\$27,856.99
Cost of Goods Sold	
Gross Profit	\$27,856.99
Expenses	
3074 Economic Development Expense	\$1,916.50
3074-2 Property Acquisition	47,738.66
Professional Services	0
3211 Staff Services Contract	68,679.27
Total for Professional Services	\$68,679.27
Total for 3074 Economic Development Expense	\$118,334.43
3075 Agency Exp	0
3223 Accounting	959.41
General & Admin	0
Office	\$631.01
Total for General & Admin	\$631.01
Total for 3075 Agency Exp	\$1,590.42
3128 Sponsorship	5,000.00
3504 Harrisville Bank Property Expenses	350.00
Occupancy	0
3300 Insurance	895.10
Total for Occupancy	\$895.10
Total for Expenses	\$126,169.95
Net Operating Income	-\$98,312.96
Other Income	
Other Expenses	
Net Other Income	0
Net Income	-\$98,312.96

Balance Sheet
County of Lewis IDA
As of June 30, 2025

DISTRIBUTION ACCOUNT	TOTAL
Assets	
Current Assets	
Bank Accounts	
Cash-Petty Cash	50.00
IDA CD 1M - x0868	1,020,426.93
IDA CD 500K - x0867	510,987.79
IDA Checking x1214	11,526.94
IDA Micro Rev Loan x2054 CLOSED	
IDA Money Market x1248	360,932.65
IDA USDA Loan Fund x1511	98,574.59
NYCLASS	1,383,860.69
Total for Bank Accounts	\$3,386,359.59
Accounts Receivable	0
Other Current Assets	
1090 Undeposited Funds	
1150 Interest Receivable	
1165-01 Lease Receivable - 2nd Place Brew Equip	130,038.35
1166-01 Installment Sale - 2nd Place Property	96,838.56
1169 Lease Receivable - BRVN Equip	10,701.25
1171 Loan Receivable Snow Ridge	
1172 Lease Receivable - Snow Ridge Groomer 1	91,983.65
1173 Lease Receivable - Snow Ridge Groomer 2 (2025)	122,574.96
1176 Loan Receivable - Tack Shack	
1178 Loan Receivable - Tug Hill AR	12,671.26
1179 Allowance for Loan Loss	-41,322.70
1200 Prepaid Insurance	
Total for Other Current Assets	\$423,485.33
Total for Current Assets	\$3,809,844.92
Fixed Assets	0
Other Assets	\$404,234.00
Total for Assets	\$4,214,078.92
Liabilities and Equity	
Liabilities	0
Equity	\$4,214,078.92
Total for Liabilities and Equity	\$4,214,078.92



Flexible Potential



Commercial Property For Sale

14216 State Street | Harrisville, NY

Property Features:

This former bank offers solid construction for a variety of retail or commercial uses. With its downtown location in the Gateway to the Adirondacks, this property is ready for your next business venture, creative renovation, or investment project.

Proposals Due: September 9, 2025



Contact:

Cheyenne Steria
Naturally Lewis, Inc. | County of Lewis IDA
cheyenne@naturallylewis.com

