



November 6, 2014

Board of Trustees
Green Island Power Authority
69 Hudson Avenue
Green Island, New York 12183

Dear Members of the Board:

We are pleased to present this report related to our audit of the financial statements of the Green Island Power Authority, (Authority) for the year ended May 31, 2014. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Authority's financial reporting process.

This report is intended solely for the information and use of the Board of Trustees and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to be of service to the Authority.

Very truly yours,

SaxBST LLP

A handwritten signature in black ink, appearing to read 'William C. Freitag', is positioned below the typed name.

William C. Freitag, Partner

WCF/dmc

Green Island Power Authority

Communication with Those Charged With Governance Year Ended May 31, 2014

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit, as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities and the Planned Scope and Timing of the Financial Statement Audit

Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated May 22, 2013.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Authority. Following is a description of significant accounting policies that were initially adopted during the year.

Effective June 1, 2013, the Authority adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides financial reporting guidance related to the impact of the financial statements elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of major fund calculations and limiting the use of the term deferred in the financial statements. As a result of the adoption of GASB 65, the Authority was required to write off certain bond issuance costs, which had been amortized over the life of the related bonds in prior periods.

Effective June 1, 2013, the Authority adopted GASB Statement No. 66, *Technical Corrections* (GASB 66). This statement establishes clarifications on two recently issued statements, No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement resolves conflicting guidance created as a result of the issuance of these two statements.

There was no impact to the Authority's financial statements as a result of the adoption of GASB 66.

Green Island Power Authority

Communication with Those Charged With Governance
Year Ended May 31, 2014

Accounting Policies and Practices - Continued

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Exhibit A, Summary of Significant Accounting Estimates.

Audit Adjustments

Audit adjustments proposed by us and recorded by the Authority are shown on the attached Exhibit A, Summary of Recorded Audit Adjustments.

Uncorrected Misstatements

There were no uncorrected misstatements for the year ended May 31, 2014.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed with or the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Green Island Power Authority

Communication with Those Charged With Governance
Year Ended May 31, 2014

Communicating Significant Deficiencies and Material Weaknesses in Internal Control over Financial Reporting

Our consideration of internal control over financial reporting was for the limited purpose of expressing an opinion on the financial statements, and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal controls over financial reporting that we consider to be material weaknesses.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the Authority, including the representation letter provided to us by management, are attached as Exhibit C.

We will be pleased to respond to any questions you have about these matters. We appreciate the opportunity to be of service to you.

This report is intended solely for the information and use of the Board of Trustees and management and is not intended to be and should not be used by anyone other than these specified parties.

SaxBST LLP

Albany, New York
November 6, 2014

Green Island Power Authority

Summary of Significant Accounting Estimates Year Ended May 31, 2014

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Authority's May 31, 2014, financial statements:

Estimate	Accounting Policy	Estimation Process
Allowance for Uncollectible Accounts	Allowance is based on a review of outstanding amounts on a monthly basis.	Management determines the allowance for uncollectible accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts.
Depreciation	Depreciation is provided for in amounts to relate the cost of depreciable assets to operations.	Depreciation is provided for in amounts to relate the cost of depreciable assets to operations.
Postemployment Benefits	Postemployment benefits are reported under the accrual basis, where the expected value of the benefit is actuarially calculated and recognized as a cost over the working lifetime of employees.	Actuarial computations and the resulting postemployment liability, as of May 31, 2014, were provided by Armory Associates, LLC (Armory), the Authority's independent actuaries. These computations were prepared using various assumptions related to retirement age, marital status, mortality, termination rates, healthcare cost trends, and amortization methods. For 2013, management elected to prepare its own actuarial computations using similar assumptions and methods as Armory. In accordance with GASB No. 45, as a small governmental entity, management can elect to have this liability determined by an actuary on a tri-annual basis.

We have evaluated management's significant accounting estimates noted above as part of our audit, and concluded that management's estimates and the estimation process appear reasonable in the context of the financial statements taken as a whole.

Green Island Power Authority

Summary of Recorded Audit Adjustments Year Ended May 31, 2014

Description	Effect - Increase (Decrease)				
	Assets	Liabilities	Net Assets	Revenue	Expense
To record prepaid TCC's	\$ 37,842	\$ -	\$ -	\$ -	\$ (37,842)
To record customer usage of outstanding credit	3,402	-	-	3,402	-
To record May 2014 purchased power	-	70,636	-	-	70,636
To write of bond issue costs, as a result of adopting GASB No. 65	(496,491)	-	(496,491)	-	-
To correct SEMA payment posting	17,160	-	-	<u>17,160</u>	<u>-</u>
Statement of Revenues and Expenses and Changes in Net Position Effect	<u>-</u>	<u>-</u>	<u>(12,232)</u>	<u>\$ 20,562</u>	<u>\$ 32,794</u>
Statement of Net Position Effect	<u>\$ (438,087)</u>	<u>\$ 70,636</u>	<u>\$ (508,723)</u>		

Green Island Power Authority

Significant Written Communications
Between Management and our Firm
Year Ended May 31, 2014

Representation Letter



GREEN ISLAND POWER AUTHORITY

BILLING OFFICE

20 Clinton Street
Green Island, New York 12183
(518) 272-4790 (Office)
(518) 271-1924 (Fax)

EXECUTIVE OFFICES

69 Hudson Avenue
Green Island, New York 12183
(518) 271-9397 (Office)
(518) 689-9700 (Fax)

ELECTRICAL FACILITIES CENTER

50 Cohoes Avenue
Green Island, New York 12183
(518) 274-5125 (Office)
(518) 274-9040 (Fax)

November 6, 2014

SaxBST LLP
26 Computer Drive West
Albany, New York 12205

This representation letter is provided in connection with your audit of the financial statements of the Green Island Power Authority (Authority) which comprise the statement of net position as of May 31, 2014, and the related statement of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of the date of your independent auditor's report, the following representations made to you during your audit:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated May 22, 2013, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take. In that regard, adequate provisions have been made:
 - a. To reduce receivables to their estimated net collectible amounts.
 - b. To reduce obsolete, damaged, or excess inventories to their estimated net realizable values.



- c. For postretirement benefits other than pensions attributable to employee services rendered through May 31, 2014. As of May 31, 2014, the postretirement obligation was actuarially determined by Armory Associates, LLC, the Authority's independent actuary. During 2013, management prepared its own actuarial calculations for the postretirement obligation, using similar assumptions and methods used by Amory Associates, LLC during 2012. Management believes that the actuarial methods and assumptions used in the 2013 calculation of the postretirement obligation were reasonable, and the related calculations were accurate, in accordance with GASB No. 45. In accordance with GASB No. 45, as a small governmental entity, management can elect to have this liability determined by an actuary on a bi-annual basis.
5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP, including those defined in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards.
6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of all known or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. We have no knowledge of any uncorrected misstatements in the financial statements.
9. Effective June 1, 2013, the Authority adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of major fund calculations and limiting the use of the term deferred in the financial statements.

As a result of the adoption of GASB No. 65, the Authority was required to write off certain bond issuance costs, which had been amortized over the life of the related bonds in prior periods.

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There was no impact to the financial statements as a result of the adoption of GASB No. 66.

Information Provided

10. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.

- c. Unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the Board of Trustees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- 12. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
- 13. We have no knowledge of allegations of fraud or suspected fraud, affecting the Authority's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
- 14. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
- 15. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 16. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
- 17. We have disclosed to you the identity of the Authority's related parties and all related-party relationships and transactions of which we are aware.
- 18. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Authority's ability to record, process, summarize, and report financial data.
- 19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

21. Madeline Paterniani, CFO, has overseen the services provided by SaxBST LLP, and has established and maintained internal controls, including the monitoring of ongoing activities related to the non-attest services of drafting of financial statements and related notes to the financial statements.

Very truly yours,

GREEN ISLAND POWER AUTHORITY


Ellen M. McNulty-Ryan, Member, Chairperson


Madeline Paterniani, Chief Fiscal Officer