September 21, 2020

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 as of and for the year ended May 31, 2020. 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 continue to be of service to the Authority.

Very truly yours,

BST & Co. CPAs, LLP

William C. Freitag, Partner

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Green Island Power Authority

Communication With Those Charged With Governance
Year Ended May 31, 2020

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 With Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States have been described to you in our arrangement letter dated May 3, 2018. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities which are also described in that letter.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted accounting 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 accounting standards the Authority adopted during the year to comply with accounting principles generally accepted in the United States of America (U.S. GAAP):

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The requirements of this statement became effective for reporting periods beginning after June 15, 2018.

Adoption of, or Change in, Accounting Policies - Continued

GASB Statement No. 84, *Fiduciary Activities* (GASB 84). GASB 84 establishes criteria for identifying fiduciary activities of state and local governments and establishes four types of fiduciary funds that should be reported. The statement also provides guidance for the recognition of liabilities in a fiduciary fund and the related release of liability to a beneficiary. The requirements of this statement became effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* GASB 88 clarifies which liabilities governments should include when disclosing information related to debt. This statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant acceleration clauses. The requirements of this statement became effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 90, *Majority Equity Interests.* This statement will provide financial reporting users with information related to the presentation of majority equity interests in legally separate organizations. In addition, this statement requires the reporting of information about component units if the government acquires a 100% equity interest about the cost of services to be provided by the component unit in relation to the construction period to acquire the component unit. The requirements for this statement became effective for reporting period beginning after December 15, 2018.

The implementation of these statements did not have an effect on the Authority's financial statements as of and for the year ended May 31, 2020.

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 B, Summary of Recorded Audit Adjustments.

Green Island Power Authority

Communication With Those Charged With Governance
Year Ended May 31, 2020

Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

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.

Significant Written Communications Between Management and Our Firm

Copies of material 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.

Green Island Power Authority

Summary of Significant Accounting Estimates
Year Ended May 31, 2020

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, 2020 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, 2020 were provided by Armory Associates, LLC, the Authority's independent actuary. These computations were prepared using various assumptions related to retirement age, marital status, mortality, termination rates, healthcare cost trends, and amortization methods.
Net Pension Liability	The Authority recognizes its proportionate share of the New York State and Local Employees' Retirement System net pension liability, the related deferred inflows of resources, and the related deferred outflows of resources.	The Authority's net pension liability is estimated by the New York State Office of the State Comptroller using census data supplied by participating employers and various actuarial assumptions, including but not limited to, rate of return, mortality, and inflation. The Authority's proportionate percentage of the liability is determined on an 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.

Exhibit B

Green Island Power Authority

Summary of Recorded Audit Adjustments
Year Ended May 31, 2020

Description	Assets	Liabilities	Net Assets	Revenue	Expense
	Effect - Increase (Decrease)				
To adjust net pension liability	$ 184,207	$ 248,044	$ -	$ -	$ 63,837
To adjust sales tax liability	7,215	7,215	-	-	-
To adjust postretirement benefit liability	(11,146)	66,304	-	-	77,450
Statement of Revenues and Expenses and Changes in Net Position Effect	-	-	(141,287)	$ -	$ 141,287
Statement of Net Position Effect	$ 180,276	$ 321,563	$ (141,287)		

Green Island Power Authority

Significant Written Communications
Between Management and our Firm
Year Ended May 31, 2020

Representation Letter