

REPORT TO THE BOARD OF DIRECTORS

**BOARD OF PUBLIC UTILITIES OF THE
CITY OF JAMESTOWN, NEW YORK**

DECEMBER 31, 2021



May 17, 2022

To the Members of the Board of Public Utilities
of the City of Jamestown
92 Steel Street, PO Box 700
Jamestown, New York 14702-0700

Members of the Board of Public Utilities:

We are pleased to present this report related to our audit of the financial statements of the Board of Public Utilities of the City of Jamestown, New York (the Jamestown BPU), for the Electric, Waste Water, Solid Waste, Water and the District Heating Divisions for the year ended December 31, 2021. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Board's financial reporting process.

This report is intended solely for the information and use of Jamestown BPU 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 Jamestown BPU.

Very truly yours,

Freed Maxick CPAs, P.C.

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Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditors Communications with Those Charge 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.

Area	Comments
Our Responsibility with Regard to 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 January 17, 2022. 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.
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 Jamestown BPU. The BPU did not adopt any significant new accounting policies nor have there been any changes in significant existing policies during the current period.
Basis of Accounting	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 "Summary of Significant Accounting Estimates." The financial statements were prepared on assumption that the entity will continue as a going concern.

Required Communications (Continued)

Area	Comments
Audit Adjustments	The audit adjustments proposed by us and recorded by the Jamestown BPU are shown on the attached "Summary of Recorded Audit Adjustments."
Uncorrected Misstatements	The uncorrected misstatements are shown on the attached "Summary of Uncorrected Misstatements."
Departure from Auditor's Standard Report	Our opinion letter for the Electric and Waste Water Divisions includes an emphasis of matter related to certain prior period adjustments included in the financial statements. Our opinions have not been modified as a result of these adjustments.
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 or were 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.
Difficult or Contentious Matters That Required Consultation	We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.
Letter Communicating A Material Weakness and Other Matters	We have separately communicated a material weakness and other matters identified during our audit of the financial statements which is attached as Exhibit A.
Significant Written Communication Between Management and Our Firm	A copy of the representation letter provided from the management is attached as Exhibit B.

**Jamestown Board of Public Utilities
 Summary of Significant Accounting Estimates
 Year Ended December 31, 2021**

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 Jamestown BPU's December 31, 2021 financial statements:

Estimate	Accounting Policy	Management's Estimation Process	Basis of Our Conclusions on Reasonableness of Estimate
Depreciation of Property, Plant & Equipment	Management depreciates property, plant and equipment over the estimated lives of the assets.	Useful lives were assigned based on management's judgment. Management was consistent in calculating depreciation based on the useful lives assigned to each asset.	The methods and lives used to estimate depreciation expense appears reasonable.
Postemployment Benefit Liability, Deferred Outflows and Deferred Inflows of Resources	Management estimates postemployment benefit liability, deferred outflows and deferred inflows of resources based on information obtained from an actuarial valuation of the Jamestown BPU's postemployment benefit liability. Management estimates deferred outflows of resources contributions subsequent to the measurement date based on the actuarial valuation for the net of retiree claims less employee contributions, subsequent to the measurement date.	Management receives a full actuarial valuation every two years. Interim actuarial valuations are performed in alternate years. Management's most recent full valuation was completed as of December 31, 2020. Estimates for postemployment benefits liability, deferred inflows and deferred outflows of resources are based on the actuarial report.	Management's process to estimate postemployment benefits liability, deferred inflows and deferred outflows appears reasonable.

**Jamestown Board of Public Utilities
 Summary of Significant Accounting Estimates
 Year Ended December 31, 2021 (Continued)**

Estimate	Accounting Policy	Management's Estimation Process	Basis of Our Conclusions on Reasonableness of Estimate
Retirement System Liability, Deferred Outflows and Deferred Inflows of Resources and Prepaid Expense	Management estimates the long-term retirement system liability and deferred outflows and deferred inflows of resources based on information provided by the New York State Employees' Retirement System (ERS). Management estimates deferred outflows of resources, contributions subsequent to the measurement date based on 75% of the 2021 ERS invoice for the 2020 fiscal year. Management estimates the prepaid expense to the retirement system using 25% of the 2021 ERS invoice for the 2020 fiscal year.	Estimates are based upon the annual invoice provided by the New York State Retirement System to the City of Jamestown and additional information provided by the System to the City. The City then provides Jamestown BPU with their allocated share of the retirement invoice/expense. Jamestown BPU allocates a portion of the retirement invoice and GASB 68 information to each respective Division based on pensionable payroll expense of each Division.	Management's process to estimate retirement system liabilities, deferred outflows and deferred inflows of resources and amounts prepaid to the retirement system appears reasonable.
Investments	The Jamestown BPU investments and derivative investments are valued at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Additionally, the Jamestown BPU follows FASB ASC Topic 820, "Fair Value Measurements" as it defines the fair value and establishes a valuation hierarchy for disclosure of the inputs to valuation used to measure fair value. This hierarchy prioritizes the inputs into three broad levels of Level 1, 2 or 3.	Management has described the valuation techniques used for valuing investments and derivative investments at fair value in the financial statements. Additionally, management has broken out the investments into Level 1, 2 or 3 based upon the valuation hierarchy.	Management's process to evaluate fair value and establish the fair value hierarchy of investments and derivative investments appears reasonable.

Jamestown Board of Public Utilities – Electric Division
Summary of Recorded Audit Adjustments
Year Ended December 31, 2021

Number	Date	Name	Account No	Debit	Credit
AJE #2	12/31/2021	Construction Work in Progress	01-1699-00 ENT01	298,473	
AJE #2	12/31/2021	Payables to Municipality	01-2410-00 ENT01		(298,473)

To properly accrue unrecorded accounts payable as of December 31, 2021.

AJE #4	12/31/2021	Misc Reserves ORF Clearing Acct	01-2676-00 ENT01	1,394,738	
AJE #4	12/31/2021	Misc Unadjusted Credits - Overhaul Fund	01-2723-00 ENT01		(1,394,738)

Prior period adjustment to properly account for the ORF funding in the clearing account.

AJE #5	12/31/2021	Misc Reserves ORF Clearing Acct	01-2676-00 ENT01	1,415,602	
AJE #5	12/31/2021	Misc Unadjusted Credits - Dismantling Fund	01-2721-00 ENT01	777,072	
AJE #5	12/31/2021	Energy Efficiency Program Fund	01-2722-00 ENT01		(596,855)
AJE #5	12/31/2021	Misc Unadjusted Credits - Overhaul Fund	01-2723-00 ENT01	2,626,067	
AJE #5	12/31/2021	Surplus - Balance Transfer From Income	01-3000-00 ENT01		(2,626,067)
AJE #5	12/31/2021	Surplus - Balance Transfer From Income	01-3000-00 ENT01		(180,217)
AJE #5	12/31/2021	Contributions to Overhaul Reserve Fund	01-7914-00 ENT01		(1,415,602)

To properly record excess ORF revenue above the mandated revenue threshold as of December 31, 2021.

AJE #6	12/31/2021	Unamortized Debt Premium	01-2710-00 ENT01	13,614	
AJE #6	12/31/2021	Int Lg Term Debt 2005 Series A	01-7923-00 ENT01		(13,614)

To properly record long-term debt activity and account for unrecorded prior year audit entries.

AJE #7	12/31/2021	Investments - Restricted	01-1143-00 ENT01	24,973	
AJE #7	12/31/2021	Interest Revenues	01-4423-00 ENT01		(51,766)
AJE #7	12/31/2021	Gain/Loss on US Treasury Notes	01-7931-00 ENT01	26,793	

To properly record maturity of Key Bank treasury bill and interest revenue as of December 31, 2021.

AJE #8	12/31/2021	Prepaid Pension	01-1291-00 ENT01	35,978	
AJE #8	12/31/2021	Employee Retirement System	01-7854-00 ENT01		(35,978)

To adjust year end prepaid pension expense as of December 31, 2021.

**Jamestown Board of Public Utilities – Electric Division
 Summary of Recorded Audit Adjustments (Continued)
 Year Ended December 31, 2021**

Number	Date	Name	Account No	Debit	Credit
AJE #8	12/31/2021	Prepaid Pension	01-1291-00 ENT01	35,978	
AJE #8	12/31/2021	Employee Retirement System	01-7854-00 ENT01		(35,978)

To adjust year end prepaid pension expense as of December 31, 2021.

AJE #9	12/31/2021	Deferred Outflow Asset	01-1452-00 ENT01	1,245,197	
AJE #9	12/31/2021	Deferred Outflow Pension	01-1453-00 ENT01	124,405	
AJE #9	12/31/2021	Deferred Cash Inflow Liability	01-2529-00 ENT01		(7,067,786)
AJE #9	12/31/2021	Net Pension Liability	01-2530-00 ENT01	6,131,412	
AJE #9	12/31/2021	Employee Retirement System	01-7854-00 ENT01		(433,228)

To adjust net pension liability, deferred inflows and outflows as of December 31, 2021.

Jamestown Board of Public Utilities – Water Division
Summary of Recorded Audit Adjustments
Year Ended December 31, 2021

Number	Date	Name	Account No	Debit	Credit
AJE #11	12/31/2021	Prepaid Pension Expense	02-1291-00 ENT02	6,069	
AJE #11	12/31/2021	Employee Retirement Expense	02-7854-00 ENT02		(6,069)

To adjust year end prepaid pension expense as of December 31, 2021.

AJE #10	12/31/2021	Structures - Depr Reserve	02-1712-00 ENT02		(53,235)
AJE #10	12/31/2021	Electric Pumping Equip - Depr Reserve	02-1716-00 ENT02	201	
AJE #10	12/31/2021	Purification/Fluoridation System - Depr Reserve	02-1720-00 ENT02		(9,563)
AJE #10	12/31/2021	Hydrants - Depr Reserve	02-1726-00 ENT02		(1,160)
AJE #10	12/31/2021	Distribution Mains - Depr Reserve	02-1761-00 ENT02	53,810	
AJE #10	12/31/2021	Services - Depr Reserve	02-1766-00 ENT02		(2,966)
AJE #10	12/31/2021	Meters - Depr Reserve	02-1768-00 ENT02	21,499	
AJE #10	12/31/2021	Transportation Equipment - Depr Reserve	02-1784-00 ENT02	23,694	
AJE #10	12/31/2021	General Tools & Implements - Depr Reserve	02-1787-00 ENT02		(1,109)
AJE #10	12/31/2021	Miscellaneous Equipment - Depr Reserve	02-1788-00 ENT02		(505)
AJE #10	12/31/2021	GIS Equipment - Depr Reserve	02-1789-00 ENT02	18,566	
AJE #10	12/31/2021	Depreciation	02-7099-00 ENT02		(49,232)

To properly adjust depreciation and reserve to agree to fixed asset listing as of December 31, 2021.

Jamestown Board of Public Utilities – Waste Water Division
Summary of Recorded Audit Adjustments
Year Ended December 31, 2021

Number	Date	Name	Account No	Debit	Credit
AJE #1	12/31/2021	Operating Property	03-1601-00 ENT03		(97,433)
AJE #1	12/31/2021	Depr Reserve	03-1701-00 ENT03		(47,383)
AJE #1	12/31/2021	Gain/Loss on Disposal	03-7935-00 ENT03	144,816	

To properly adjust capital assets and depreciation to agree to fixed asset listing as of December 31, 2021.

AJE #11	12/31/2021	Prepaid Pension	03-1291-00 ENT03	17,218	
AJE #11	12/31/2021	Employee Retirement System	03-7854-00 ENT03		(17,218)

To adjust year end prepaid pension expense as of December 31, 2021.

Jamestown Board of Public Utilities – Solid Waste Division
Summary of Recorded Audit Adjustments
Year Ended December 31, 2021

Number	Date	Name	Account No	Debit	Credit
AJE #11	12/31/2021	Structures	04-1612-00 ENT04	1,993	
AJE #11	12/31/2021	Transportation Equipment	04-1684-00 ENT04		(13,998)
AJE #11	12/31/2021	Miscellaneous Equipment	04-1688-00 ENT04	78	
AJE #11	12/31/2021	Structures - Depr Reserve	04-1712-00 ENT04	1,872	
AJE #11	12/31/2021	Transportation Equipment - Depr Reserve	04-1784-00 ENT04	24,917	
AJE #11	12/31/2021	Miscellaneous Equipment - Depr Reserve	04-1788-00 ENT04		(903)
AJE #11	12/31/2021	Gain/Loss on Sale of Asset	04-4310-00 ENT04		(10,078)
AJE #11	12/31/2021	Depr Expense	04-7299-00 ENT04		(3,881)

To properly record fixed asset activity as of December 31, 2021.

AJE #8	12/31/2021	Prepaid Pension	04-1291-00 ENT04	2,301	
AJE #8	12/31/2021	Employee Retirement System	04-7854-00 ENT04		(2,301)

To adjust year end prepaid pension expense as of December 31, 2021.

Jamestown Board of Public Utilities – District Heating Division
Summary of Recorded Audit Adjustments
Year Ended December 31, 2021

Number	Date	Name	Account No	Debit	Credit
AJE #12	12/31/2021	Interest Accrued - Chiller Bond	05-2484-00 ENT05		(5,371)
AJE #12	12/31/2021	Unamortized Premium	05-2490-00 ENT05	17,625	
AJE #12	12/31/2021	Unamortized Premium - Current	05-2490-50 ENT05		(17,625)
AJE #12	12/31/2021	Deferred Inflow - Refunding	05-2500-00 ENT05	597	
AJE #12	12/31/2021	Int Long Term Debt 2010 DH Bonds	05-7925-00 ENT05	4,774	

To properly record accrued interest and premium amortization as of December 31, 2021.

Jamestown Board of Public Utilities – Water Division
Summary of Uncorrected Misstatements
Year Ended December 31, 2021

Number	Date	Name	Account No	Debit	Credit
<i>No uncorrected misstatements as of December 31, 2021.</i>					
UM #1	12/31/2020	Materials & Supplies	02-1230-00 ENT02	110,505	
UM #1	12/31/2020	Power & Pumping - Distribuion Operations	02-7410-00 ENT02		(110,505)

Reversal of 2020 uncorrected misstatement related to Water Inventory.

Recently Issued Accounting Standards

The GASB has issued several statements not yet implemented by the Jamestown BPU. The Jamestown BPU's management has not yet determined the effect these Statements will have on the Jamestown BPU's financial statements. However, the Jamestown BPU plans to implement all standards by the required dates. The Statements which might impact the Jamestown BPU are as follows:

Summary of GASB Statement No. 87, *Leases*

This Statement issued in June 2017 will be effective for the Jamestown BPU with its fiscal year ending December 31, 2022. This Statement better meets the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged.

Summary of GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*

This Statement issued in June 2018 will be effective for the Jamestown BPU beginning with its fiscal year ending December 31, 2022. The primary objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of GASB Statement No. 89 are effective for financial periods beginning after December 15, 2021. Earlier application is encouraged.

Recently Issued Accounting Standards (Continued)

Summary of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

This Statement issued in May 2020 will be effective for the Jamestown BPU beginning with its fiscal year ending December 31, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

This Statement establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. To the extent relevant, the standards for SBITAs are based on the standards established in GASB Statement No. 87, *Leases*, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

**EXHIBIT A – LETTER COMMUNICATING A MATERIAL WEAKNESS AND
OTHER MATTERS**

Communication of a Material Weakness and Other Matters

To the Members of the Board of Public Utilities
of the City of Jamestown
92 Steel Street, PO Box 700
Jamestown, New York 14702-0700

In planning and performing our audit of the financial statements of the Board of Public Utilities of the City of Jamestown, NY (the Jamestown BPU) as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Jamestown BPU'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 Jamestown BPU's internal control. Accordingly, we do not express an opinion on the effectiveness of the Jamestown BPU's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Jamestown BPU's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in the Jamestown BPU's internal control to be a material weakness:

MATERIAL WEAKNESS

Financial Accounting and Reporting

Observation

During the audit, adjustments were required to correct account balances that were considered material to the financial statements within the Electric, Division. Specifically, the prior period adjustment related to the reporting of off system sale profits was a material adjustment requiring us to report the impact on the financial statements to the Board. This adjustment was the result of a year-end accrual adjustment that was not recorded a number of years ago and not identified during prior audits. At the time and for several years after, the transaction was immaterial. Subsequently, the missing accrual adjustment became common practice, was not evaluated during the audit, and therefore was not highlighted as an item requiring a change. For this year, the reported liability was further evaluated by the audit team and management and deemed to be inaccurate which resulted in the recording of a prior period adjustment.

Recommendation

We recommend the Jamestown BPU personnel consult with external auditors before recording complex transactions, as the industry is ever changing. Additionally, the Jamestown BPU should implement a system of internal control and oversight over financial reporting to effectively identify any inaccuracies in financial reporting in a timely manner.

Potential Effect

Without establishing controls and processes over financial reporting, the Jamestown BPU is at risk of having inaccurate financial reports, erroneous adjustments or possibly misappropriation of assets.

A *significant deficiency* is a deficiency, or 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.

Certain deficiencies in internal control that have been previously communicated to you, in writing, by us or by others within your organization are not repeated herein.

Following are descriptions of other identified deficiencies in internal control that we determined did not constitute significant deficiencies, material weaknesses, or control deficiencies.

OTHER MATTERS

Tracking and Recording Capital Assets

Observation

Based on the high volume of capital asset transactions that typically occur, we believe the current software being used (Microsoft Excel) is not adequate for the needs of the Jamestown BPU as the information can be easily manipulated and is more susceptible to error. Furthermore, we note that capital asset schedules are not being periodically reconciled with the general ledger.

Recommendation

We recommend that management continue with their plans to implement the use of Cogsdale's fixed assets module to maintain and record its capital assets. We also suggest that periodic reconciliations be performed between the Jamestown BPU's capital assets schedule and the general ledger.

Application of Capitalization Policy

Observation

During our audit, we noted inconsistencies with the application of the newly adopted capitalization policy and thresholds of the Jamestown BPU. Specifically, it was noted that the Solid Waste Division recycling bin capital project was capitalized as of December 31, 2021, despite the individual asset values being below the Board approved capitalization threshold.

Recommendation

We recommend that the Jamestown BPU adopt a uniform approach to all capital projects and capital asset acquisitions consistent with the Board approved capitalization policy moving forward.

Allowance for Uncollectible Receivables

Observation

During our audit, we noted the allowance for uncollectible accounts receivable had not been re-evaluated and updated for multiple Divisions. Balance remained unchanged from those reported in the 2020 financial statements.

Recommendation

We recommend that the Jamestown BPU re-evaluate and update all allowance for uncollectible receivable accounts on an annual basis to ensure accurate reporting of the Jamestown BPU statement of net position.

This communication is intended solely for the information and use of management, the Jamestown BPU Board and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

Freed Maxick CPAs, P.C.

Batavia, New York
May 11, 2022

EXHIBIT B - SIGNIFICANT WRITTEN COMMUNICATION
BETWEEN MANAGEMENT AND OUR FIRM

BOARD OF PUBLIC UTILITIES OF THE CITY OF JAMESTOWN, NEW YORK
PO BOX 700
JAMESTOWN, NEW YORK 14702-0700

May 11, 2022

Freed Maxick CPAs, P.C.
One Evans Street
Batavia, New York 14020

This representation letter is provided in connection with your audit of the basic financial statements for the Jamestown Board of Public Utilities (the Jamestown BPU) as of and for the years ended December 31, 2021 and 2020 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 of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, that as of the date of the auditor's report.

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated January 17, 2022, 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.
5. Related party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of the U.S. GAAP. Types of related party transactions engaged by the Jamestown BPU include:
 - a. Those with the primary government, the City of Jamestown, New York, having accountability for Jamestown BPU.
 - b. Interdivision transactions, including interdivision accounts and advances receivable and payable, sale and purchase transactions, interdivision transfers, long-term loans, leasing arrangements, and guarantees.
6. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
7. 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.
8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
9. The following have been properly recorded and/or disclosed in the financial statements:
 - a. Investments, derivative instruments and land are properly valued.
 - b. Provisions for uncollectible receivables have been properly identified and recorded.

- c. Expenses have been appropriately classified in in the statements of revenues, expenses and changes in net position.
 - d. Revenues are appropriately classified in the statements of revenues, expenses and changes in net position.
 - e. Interdivision transactions have been appropriately classified and reported.
 - f. Debt issue provisions.
 - g. Deposit and investment securities category of credit risk.
 - h. Risk disclosures associated with deposit and investment securities are presented in accordance with GASB requirements. Deposits and investment securities category of custodial credit risk.
 - i. Capital assets, including infrastructure, are properly classified, reported and, if applicable, depreciated.
 - j. All significant estimates and material concentrations known to management which are required to be disclosed.
 - k. The effect on the financial statements of GASB Pronouncements, which have been issued, but which we have not yet adopted.
 - l. The Jamestown BPU's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and appropriately disclosed and that net position is properly recognized under the policy.
 - m. Net position reclassifications.
10. With respect to the accounting services performed including drafting of the financial statements in the course of the audit:
- a. We have made all management decisions and performed all management functions;
 - b. We assigned an appropriate individual to oversee the services;
 - c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
 - d. We have accepted responsibility for the results of the services; and
 - e. We have accepted responsibility for all significant judgments and decisions that were made.
11. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private that is not disclosed in the financial statements.
12. We have complied with all aspects of laws, regulations, and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
13. We have informed you of all uncorrected misstatements in the financial statements. As of and for the year ended December 31, 2021, we believe that the effects of the uncorrected misstatements aggregated by you and summarized below is immaterial, both individually and in the aggregate, to the financial statement of the Water Division. For purposes of this representation, we consider items to be material, regardless of their size, if the involve the misstatement or omission of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Number	Date	Name	Account No	Debit	Credit
<i>No uncorrected misstatements as of December 31, 2021.</i>					
UM #1	12/31/2020	Materials & Supplies	02-1230-00 ENT02	110,505	
UM #1	12/31/2020	Power & Pumping - Distribuion Operations	02-7410-00 ENT02		(110,505)

Reversal of 2020 uncorrected misstatement related to Water Inventory.

Information Provided

14. 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 Jamestown BPU from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of the meetings of the governing board and committees of board members, or summaries of actions of recent meetings for which minutes have not yet been prepared.
15. All transactions have been recorded in the accounting records and are reflected in the financial statements.
16. 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.
17. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks
18. We have no knowledge of allegations of fraud or suspected fraud, affecting the Jamestown BPU'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.
19. We have no knowledge of any allegations of fraud or suspected fraud affecting the Jamestown BPU's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
20. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.

21. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
22. We have disclosed to you the identity of the Jamestown BPU's related parties and all the related-party relationships and transactions of which we are aware.
23. We have informed you of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Jamestown BPU's ability to record, process, summarize, and report financial data.
24. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
25. We believe that the actuarial assumptions and methods used by the actuary for funding purposes and for determining accumulated Plan benefits are appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the specialist with respect to the values or amount derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the Plan's actuary.
26. We believe that the information obtained from the audited financial statements of and other participant information provided by New York State Local Retirement System is appropriate in the circumstances. We did not give instructions, or cause any instructions to be given, to the Plan or its auditor in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the Plan or its auditor.
27. 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.

Supplementary Information

28. With respect to the management's discussion and analysis, the schedule of the Jamestown BPU's proportionate share of the net pension liability, the schedule of the Jamestown BPU's pension contributions and the schedule of the Jamestown BPU's total OPEB liability and related ratios presented as required by Governmental Accounting Standards Board to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe that the required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. Underlying significant assumptions or interpretations regarding the measurement or presentation of such information is adequately disclosed in the financial statements for retirement system pension and other postemployment benefits.



Kelly Hawkins
Finance and Customer Accounts Manager