

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

**DECEMBER 31, 2016**



April 20, 2017

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, 2016. 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. Also included is a summary of recently issued accounting standards that may affect future financial reporting by the Jamestown BPU.

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.*

Freed Maxick CPAs, P.C.

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Batavia, New York 14020  
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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
<b>Our Responsibility with Regard to the Financial Statement Audit</b>	Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated February 1, 2017. 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.
<b>Overview of the Planned Scope and Timing of the Financial Statement Audit</b>	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.
<b>Accounting Policies and Practices</b>	<b>Preferability of Accounting Policies and Practices</b> 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. <b>Adoption of, or Change in, Accounting Policies</b> 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 existing significant accounting policies during the current year.
	<b>Significant or Unusual Transactions</b> 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.
	<b>Management's Judgments and Accounting Estimates</b> 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."

**Basis of Accounting**

The financial statements were prepared on assumption that the entity will continue as a going concern.

**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 misstatement noted during our audit is shown in the attached "Summary of Uncorrected Misstatements."

**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**

During our audit of the Jamestown BPU we encountered certain difficulties receiving accurate financial supporting documentation which delayed the completion of the fieldwork and issuance of the audit.

**Letter Communicating a Significant Deficiency**

We have separately communicated a significant deficiency identified during our audit of the financial statements which is attached as Exhibit A.

**Certain Written Communication Between Management and Our Firm**

Copy of certain written communication between our firm and the management of the Jamestown BPU is attached as Exhibit B.

**Jamestown Board of Public Utilities  
Summary of Significant Accounting Estimates  
Year Ended December 31, 2016**

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 compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the Jamestown BPU's December 31, 2016 financial statements:

<b>Area</b>	<b>Accounting Policy</b>	<b>Management's Estimation Process</b>	<b>Basis of our conclusions on Reasonableness of Estimate</b>
<b>Depreciation of Property, Plant &amp; Equipment</b>	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.
<b>Post Employment Benefits Liability</b>	Management uses a GASB 45 actuary valuation to estimate post employment benefits liability each year.	Management receives an actuarial valuation every two years. Management's most recent valuation was completed December 31, 2016. Estimates for post employment benefits are based on the GASB 45 report along with actual contributions made during the year.	Management's process to estimate post employment benefits liability appears reasonable.
<b>Allowance for Uncollectible Accounts</b>	Management estimates collectability of receivables based on knowledge of past history.	Management reviews prior year write-off information and uses this to estimate the allowance needed in the current year.	Management's process to estimate the allowance for uncollectible accounts appears reasonable.

**Jamestown Board of Public Utilities  
Summary of Significant Accounting Estimates  
Year Ended December 31, 2016 (Continued)**

<b>Area</b>	<b>Accounting Policy</b>	<b>Management's Estimation Process</b>	<b>Basis of our conclusions on Reasonableness of Estimate</b>
<b>Retirement System Liabilities, Deferred Outflows and Deferred Inflows of Resources and Prepaid Expense</b>	<p>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 9/12<sup>th</sup> of the ERS invoice for the 2017 fiscal year. Management estimates the prepaid expense to the retirement systems using 3/12<sup>th</sup> of the ERS invoice for the 2017 fiscal year.</p>	<p>Estimates are based upon the annual invoice provided by the New York State Retirement System and additional information provided by the System.</p>	<p>Management's process to estimate retirement system liabilities, deferred outflows and deferred inflows of resources and amounts due to the retirement systems appears reasonable.</p>
<b>Investments</b>	<p>The Jamestown BPU 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.</p>	<p>Management has described the valuation techniques used for valuing 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.</p>	<p>Management's process to evaluate fair value and establish the fair value hierarchy of investments appears reasonable.</p>

**Jamestown Board of Public Utilities  
 Summary of Recorded Audit Adjustments  
 Electric Division  
 December 31, 2016**

<b>Number</b>	<b>Account No</b>	<b>Name</b>	<b>Debit</b>	<b>Credit</b>
AJE #1	01-1291-00 ENT01	Prepaid Pension Expense	15,547	
AJE #1	01-7854-00 ENT01	Employee's Retirement System		15,547
To record adjustment to prepaid.				
AJE #2	01-1350-00 ENT01	Deferred Outflow of Resources (asset)	3,263,332	
AJE #2	01-1351-00 ENT01	Deferred Outflow of Resources-Pension Sub (asset)		46,256
AJE #2	01-2524-00 ENT01	Pension Long-Term Liability		3,144,547
AJE #2	01-2550-00 ENT01	Deferred Inflow of Resources-Pension (Liability)		504,570
AJE #2	01-7854-00 ENT01	Employee's Retirement System	432,041	
To record adjustment based on pension calculation related to GASB #68.				
			<b>3,710,920</b>	<b>3,710,920</b>



**Jamestown Board of Public Utilities  
 Summary of Recorded Audit Adjustments  
 Water Division  
 December 31, 2016**

<b>Number</b>	<b>Account No</b>	<b>Name</b>	<b>Debit</b>	<b>Credit</b>
AJE #1	02-1291-00 ENT02	Prepaid Pension Expense	4,120	
AJE #1	02-7854-00 ENT02	Pensions		4,120
To record adjustment to prepaid retirement expense for 2017 invoice.				
AJE #2	02-1350-00 ENT02	Deferred Outflow of Resources - Pens	704,163	
AJE #2	02-1351-00 ENT02	Deferred Outflow of Resources-Pensio	11,647	
AJE #2	02-2524-00 ENT02	Pension Long-term Liability		697,541
AJE #2	02-2550-00 ENT02	Deferred Inflow of Resources - Pensi		110,597
AJE #2	02-7854-00 ENT02	Pensions	92,328	
To record adjustment based on pension calculation related to GASB #68.				
			<b>812,258</b>	<b>812,258</b>

**Jamestown Board of Public Utilities  
 Summary of Recorded Audit Adjustments  
 Waste Water Division  
 December 31, 2016**

<b>Number</b>	<b>Account No</b>	<b>Name</b>	<b>Debit</b>	<b>Credit</b>
AJE #1	03-1291-00 ENT03	Prepaid Pension Expense		5,289
AJE #1	03-7854-00 ENT03	Employee Retirement System	5,289	
To record adjustment to prepaid retirement expense for 2017 invoice.				
AJE #2	03-1350-00 ENT03	Deferred Outflow of Resources (asset	557,471	
AJE #2	03-1351-00 ENT03	Deferred Outflow of Resources-Pensio		16,581
AJE #2	03-2524-00 ENT03	Pension Long-Term Liability		529,550
AJE #2	03-2550-00 ENT03	Deferred Inflow of Resources-Pension		85,505
AJE #2	03-7854-00 ENT03	Employee Retirement System	74,165	
To record adjustment based on pension calculation related to GASB #68.				
			<b>636,925</b>	<b>636,925</b>

**Jamestown Board of Public Utilities  
 Summary of Recorded Audit Adjustments  
 Solid Waste Division  
 December 31, 2016**

Number	Account No	Name	Debit	Credit
AJE #1	04-1291-00 ENT04	Prepaid Pension Expense	627	
AJE #1	04-7854-00 ENT04	Employee Retirement System		627
To record adjustment to prepaid retirement expense for 2017 invoice.				
AJE #2	04-1350-00 ENT04	Deferred Outflow of Resources (asset)	140,968	
AJE #2	04-1351-00 ENT04	Deferred Outflow of Resources-Pension Sub (Asset)	2,927	
AJE #2	04-2524-00 ENT04	Pension long-term liability		140,166
AJE #2	04-2550-00 ENT04	Deferred Inflow of Resources - Pension (liability)		22,188
AJE #2	04-7854-00 ENT04	Employee Retirement System	18,459	
To record adjustment based on pension calculation related to GASB #68.				
			<b>162,981</b>	<b>162,981</b>

**Jamestown Board of Public Utilities  
Summary of Uncorrected Misstatements  
For the Year Ended December 31, 2016**

Description	Account	Balance Sheet		Income Statement	
		Dr.	Cr.	Dr.	Cr.
<i>None noted</i>					
<b><u>Reversal of Prior Year Entries</u></b>					
To record Waste Water accounts payable as of December 31, 2015.	Accounts Payable	\$ 8,129			
	Supplies Expense				\$ 8,129
				<u>\$ -</u>	<u>\$ 8,129</u>
					<u>\$ (8,129)</u>
				<i>Net effect of passed adjustments, deemed immaterial</i>	

## **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. 75, *Financial Reporting for Postemployment Benefit Plans other Than Pension Plans***

This Statement issued in June 2015 will be effective for the Jamestown BPU beginning with its year ending December 31, 2017. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No. 50, *Pension Disclosures*.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Earlier application is encouraged.

### **Summary of GASB Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, 68 and 73***

This Statement issued in March 2016 will be effective for the Jamestown BPU beginning with its fiscal year ending December 31, 2017. The objective of this Statement is to address certain issues that have been raised with respect to GASB Statement No. 67, *Financial Reporting for Pension Plans*, Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and 68*.

Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in requirement supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements related to the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 30, 2017. Earlier application is encouraged.

**Summary of GASB Statement No. 83,  
*Certain Asset Retirement Obligations***

This Statement issued in November 2016 will be effective for the Jamestown BPU beginning with its fiscal year ending December 31, 2019. 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 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.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

**EXHIBIT A – LETTER COMMUNICATING A SIGNIFICANT DEFICIENCY**

## **Letter Communicating a Significant Deficiency**

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 Jamestown Board of Public Utilities (The Jamestown BPU) as of and for the year ended December 31, 2016, 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 our auditing procedures that are appropriate in the circumstances for the purpose of expressing an 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 certain deficiencies in internal control that we consider to be a significant deficiency.

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 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.

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 is a description of a significant deficiency that we determined did not constitute a material weakness:



## SIGNIFICANT DEFICIENCY

### **Financial Accounting and Reporting**

#### Observation

Management requests us to draft the Jamestown BPU's annual audited financial statements and footnote disclosures. As part of this process, we identified and recommended numerous audit adjustments and reclassification journal entries in order to obtain reasonable assurance that the financial statements were issued with no material misstatements. Because an auditor cannot be part of an entity's system of internal control, we believe management's need for our assistance results in a significant deficiency in internal control over financial reporting.

In addition, we noted that there was significant difficulties obtaining accurate and timely financial reports regarding cash and investments, fixed assets, and accounts receivable reconciliations. We provided extensive assistance and correspondence with management in order to ensure that information provided to us was prepared accurately and in accordance with accounting principles generally accepted in the United States of America.

#### Recommendation

While management's inability to prepare the financial statements is common of entities of your size and structure, we recommend management consider additional training or resources to ensure that it understands completely the accounting and reporting requirements of accounting principles generally accepted in the United States of America and the operational aspects of the Jamestown BPU.

#### Potential Effect

The lack of controls related to the financial and accounting system could allow for inaccurate financial reporting, erroneous adjustments, or even misappropriation of assets.

This report is intended solely for the information of the Board of the Public Utilities and management, 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  
April 20, 2017

**EXHIBIT B - CERTAIN 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**

April 20, 2017

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, 2016 and 2015 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, 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 February 1, 2017, 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, including those with the City of Jamestown, New York, and interdivision transactions, including interdivision accounts and advances receivable and payable, sale and purchase transactions, interdivision transfers, long-term loans, leasing arrangements, and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
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 actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. The following have been properly recorded and/or disclosed in the financial statements:
  - a. Net positions and fund balance classifications.
  - b. Interdivision transactions, including interdivision accounts receivables and payables.
  - c. All significant estimates known to management that are required to be disclosed.

- d. Deposits and investment securities category of custodial credit risk.
  - e. Debt issue provisions.
  - f. Risk financing activities.
  - g. Contractual obligations for plant construction and/or purchase of real property, equipment, other assets and intangibles.
9. 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.
10. We have complied with all aspects of contractual 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.
11. As of and for the year ended December 31, 2016, we believe that the effects of the uncorrected misstatements aggregated by you and summarized on the attached schedule are immaterial, both individually and in the aggregate, to the financial statements. For purposes of this representation, we consider items to be material, regardless of their size, if they 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.
12. We agree with the findings of specialists in evaluating the liability for post employment benefits and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts 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 specialists.
13. We have adequately considered the qualifications of other auditors in determining the disclosures included in the financial statements with respect to certain pension information provided for the New York State and Local Employees' Retirement System and New York State and Local Police and Fire Retirement System.

*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. 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.
18. 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.
  19. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
  20. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
  21. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.
  22. 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.
  23. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
  24. 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*

25. With respect to the management's discussion and analysis, the schedule of funding progress for retiree health plan, the schedule of the Jamestown BPU's proportionate share of net pension liability and the schedule of the Jamestown BPU's pension contributions 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 the management's discussion and analysis, the schedule of funding progress for retiree health plan, the schedule of the Jamestown BPU's proportionate share of net pension liability and the schedule of the Jamestown BPU's pension contributions are measured and presented in accordance with accounting principles generally accepted in the United States of America.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.
  - d. There are no underlying significant assumptions or interpretations regarding the measurement or presentation of such information:



Kelly Hawkins  
Finance and Customer Accounts Manager

**Jamestown Board of Public Utilities  
 Summary of Uncorrected Misstatements  
 For the Year Ended December 31, 2016**

Description	Account	Balance Sheet		Income Statement	
		Dr.	Cr.	Dr.	Cr.
<i>None noted</i>					
 <b><u>Reversal of Prior Year Entries</u></b>					
To record Waste Water accounts payable as of December 31, 2015.	Accounts Payable	\$ 8,129			
	Supplies Expense				\$ 8,129
					<u>\$ -</u>
					<u>\$ (8,129)</u>
					<u>\$ (8,129)</u>

*Net effect of passed adjustments, deemed immaterial*