BST
BOLLAM, SHEEDY, TORANI & CO. LLP
Certified Public Accountants

August 28, 2013

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, 2013. 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,

BOLLAM, SHEEDY, TORANI & CO. LLP

William C. Freitag, Partner

WCF/dmc

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GREEN ISLAND POWER AUTHORITY

COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE
Year Ended May 31, 2013

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

Effective June 1, 2012, the Authority adopted Government Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting pronouncements issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

Effective June 1, 2012, the Authority adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. This statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

Adoption of these accounting standards did not significantly impact the Authority's financial statements.

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.

COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE
Year Ended May 31, 2013

Financial Statement Disclosures

In our meetings with management, we discussed the following items as they relate to the neutrality, consistency, and clarity of the disclosures in the financial statements:

- Note 1 to the Authority's May 31, 2013, financial statements discusses the significant accounting policies used by the Authority.
- Summary of accounting policies, including the accounting standards issued but not yet effective.
- Project Development Costs - These costs include legal, technical, and other expenses incurred investigating the relicensing and expansion of the existing hydroelectric facility (Hydro Expansion Project). Should licensure not be obtained, or management determines the project to no longer be feasible, these costs will be expensed in that period. At this time, management anticipates licensure will be granted.
- Due to various impasses in the licensing process, the Authority ceased all development of the Cohoes Falls Hydroelectric Project during fiscal year 2013. As such, all costs associated with the project have been expensed in fiscal year 2013, in accordance with U.S. GAAP.

Audit Adjustments

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

Uncorrected Misstatements

There were no uncorrected misstatements for the fiscal year ended May 31, 2013.

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.

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 or significant deficiencies.

GREEN ISLAND POWER AUTHORITY

COMMUNICATION TO THOSE CHARGED WITH GOVERNANCE
Year Ended May 31, 2013

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 continued service to you.

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

Very truly yours,

BOLLAM, SHEEDY, TORANI & CO. LLP

William C. Freitag, Partner

WCF/dmc

GREEN ISLAND POWER AUTHORITY

SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES
Year Ended May 31, 2013

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 Authority's May 31, 2013, 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 computed based on asset groups, using the straight-line method. The estimated lives used in determining depreciation are based on the historical experience of the Authority and range from 3 to 31½ years.
Postemployment Benefits	The Authority provides health care insurance benefit programs for most retired employees. GASB No. 45 requires that accounting for postemployment benefits be reported under an 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, 2012, 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, 2013

	Effect - Increase (Decrease)				
Description	Assets	Liabilities	Net Assets	Revenue	Expense
• To properly record write off of Cohoes Falls hydro project	$ -	$ -	$ 3,711,993	$ -	$ 3,711,993
• To correct compensated absences posting	-	(7,998)	-	-	(7,998)
Statement of Revenues and Expenses and Changes in Net Position Effect	-	-	(3,703,995)	$ -	$ 3,703,995
Statement of Net Position Effect	$ -	$ (7,998)	$ 7,998		

GREEN ISLAND POWER AUTHORITY

**SIGNIFICANT WRITTEN COMMUNICATIONS BETWEEN
MANAGEMENT AND OUR FIRM
Year Ended May 31, 2013**

Representation Letter