

May 16, 2024

To the Board of Directors  
Town of Erwin Industrial Development Agency

We have audited the financial statements of the Town of Erwin Industrial Development Agency for the year ended December 31, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 3, 2024. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Town of Erwin Industrial Development Agency are described in Note 1 to the financial statements. The Agency adopted GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* during 2023. The adoption of these Standards did not have a material impact on the Agency's financial statements. The application of existing policies was not changed during 2023. We noted no transactions entered into by Town of Erwin Industrial Development Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the Town of Erwin Industrial Development Agency's financial statements was:

Management's estimate of the lease receivable is based on management's best estimate. We evaluated the methods, assumptions, and data used to develop the lease receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of due to/from other governments and related party transactions in Note 4 to the financial statements .

The financial statement disclosures are neutral, consistent, and clear.

#### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

To the Board of Directors  
Town of Erwin Industrial Development Agency  
May 16, 2024  
Page 2

#### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management: to record lease receivable for GASB 87 purposes.

#### Disagreements with Management

For purposes of this letter, a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### Management Representations

We have requested certain representations from management that are included in the management representation letter.

#### Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Town of Erwin Industrial Development Agency's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Town of Erwin Industrial Development Agency's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

#### Other Matters

#### Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of Town of Erwin Industrial Development Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*EFPR Group, CPAs, PLLC*

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