ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
333 WEST WASHINGTON STREET, SUITE 130, SYRACUSE, NY 13202
PHONE: 315.435.3770 • FAX: 315.435.3669 • SYRACUSECENTRAL.COM

Audit Committee
Meeting Agenda
Thursday, October 6, 2022

8:00 AM Call to Order the Meeting of the OCIDA Audit Committee

1. Approval of the March 8, 2022 minutes

ACTION ITEMS

1. Self-Evaluation of the Committee
The Committee members will review the Audit committee members' evaluations

Action Requested:
a. A Resolution of the Committee to transmit the summary evaluation with/without comment to the Governance Committee for review and recommendation to the Board.

Representative: Nancy Lowery, Secretary, OCIDA

2. Review of Committee Charter
The Committee members will review the Committee's Charter

Action Requested:
a. A Resolution of the Committee to transmit the Committee Charter with/without comment to the Governance Committee for review and recommendation to the Board.

Representative: Nancy Lowery, Secretary, OCIDA

3. Draft Annual Report (2022 Fiscal Year)
The Committee members will review the Draft Annual Report of the Committee

Action Requested:
a. A Resolution of the Committee to transmit the Committee Annual Report with/without comment to Governance Committee for review and recommendation to the Board

Representative: Nancy Lowery, Secretary, OCIDA

4. **Preliminary Audit Review**
The Agency Auditor will discuss the upcoming audit of the Agency

Representative: Michael G. Lisson, OCIDA Auditor, Grossman St. Amour CPAs

Adjourn

SUBJECT TO BOARD APPROVAL

Onondaga County Industrial Development Agency
Audit Committee Meeting Minutes
March 8, 2022

An Audit Committee meeting of the Onondaga County Industrial Development Agency was held on Tuesday, March 8, 2022 via Zoom Teleconference.

Chairperson Janice Herzog called the meeting to order at 8:05 am with the following:

PRESENT:
Janice Herzog
Susan Stanczyk
Patrick Hogan

ABSENT:

ALSO PRESENT:
Robert Petrovich, Executive Director
Nancy Lowery, Secretary
Nate Stevens, Treasurer
Karen Doster, Recording Secretary,
Carolyn Evans-Dean, Economic Development
Jeff Davis, Barclay Damon Law Firm
Amanda Fitzgerald, Barclay Damon Law Firm
Mike Lisson, Grossman St Amour PLLC

APPROVAL OF AUDIT COMMITTEE MEETING MINUTES – OCTOBER 19, 2021

Upon a motion by Patrick Hogan, seconded by Susan Stanczyk, the OCIDA Audit Committee approved the minutes of the October 19, 2021 meeting. Motion was carried.

REVIEW AND DICUSSION OF THE 2021 AUDIT OF THE AGENCY – GROSSMAN ST AMOUR

Mike Lisson stated Breannah Lane worked closely with him on the audit. He stated there was not a lot of major changes this past year. He stated the audit went well and no issues or concerns from his aspect. He stated it is a clean unmodified audit opinion and no control issues to communicate to the Board or the Audit Committee. He stated he will go through the slides and highlight the things that changed per se for the past year. He stated Grossman St. Amour gives an opinion on the financial statements which is no different than past years but the audit opinion changed in that they reworded it. He stated the first half of the audit opinion is where Grossman St. Amour gives their opinion. He stated the middle talks about independence and they reaffirm their independence. He stated the audit opinion used to be about one page and now it's about three pages making it easier for the average user to understand. He stated it is still clean audit opinion just more verbiage. He stated the Significant Risks needs to be communicated with the Board. He stated automatically revenue recognitions are a significant risk so they do extra work there. He stated most the Agency dollars are from fees. He stated they do a lot of work on that and double check everything against the agreements to make sure they calculate properly. He stated this past year a lot of money was spent on White Pine development so they spent extra time looking at those transactions and legal documents for recording that. He stated that is an area where materiality comes into play. He stated there is a new note payable to Onondaga County which is a line of credit with Onondaga County up to $20,000,000. He stated at the end of the year there is about $1,800,000 outstanding on that. He stated the money is being used for purchases of land at White Pine. He stated it is sort of a revolving line of credit but it is disclosed in the footnotes. He stated Agency fees decreased about $468,000 operating which a lot of it is just nature of the beast of the fees. He stated Milton CAT was about $268,000 and LeMoyne was $164,000. He stated Agency fees decreased from ordinary operations but the Agency was also reimbursed from Onondaga County for some White Pine development in the past. He stated there is also some utility reimbursements for work at White Pine. He stated when you look at the total revenues it is not far off but just a mix of where the revenues came from this past year. He stated the biggest change in expenses this year is in the past a lot of the White Pine development costs were actually expenses incurred but because of the significant investment out there, almost $6,100,000 invested including administration expenses goes with part of the capitalization. He stated on the financial statements there is a line called investment of real property $6,100,000 is White Pine. He stated Grossman St. Amour audits the Agency's investment compliance in accordance with New York State regulations and the Agency is clean there. He stated they have an internal control letter saying there is no findings or issues to report to the Board. He stated everything went well.

Janice Herzog asked what does Threats to Independence mean. Mike Lisson stated it means from an independent standpoint the preparation of financial statements is not part of the audit so Grossman St. Amour has partners review the financials and management takes ownership. He stated automatically it is a significant threat and they reduce that to minimal level by having another partner look at it. He stated it is unique to governmental audit clients because they follow yellow book standards.

Janice Herzog asked how many hours are put into this audit. Mike Lisson stated between 60 and 70 hours on top of presentations and working with management throughout the year. He stated there is a lot of risk assessment things they do behind the scenes as a preliminary aspect.

Janice Herzog thanked Mike Lisson and staff for having transparency and having a good work relationship. Mike Lisson stated there are three agencies part of the Economic Development office so it helps to minimize the cost across all three.

Upon a motion by Patrick Hogan, seconded by Susan Stanczyk, the OCIDA Audit Committee approved a resolution recommending to the Board approval of the 2021 Audit of the Agency. Motion was carried.

ADJOURN

Upon a motion by Patrick Hogan, seconded by Susan Stanczyk, the OCIDA Audit Committee adjourned the meeting at 8:16 am. Motion was carried.

Nancy Lowery, Secretary

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY
333 WEST WASHINGTON STREET, SUITE 130, SYRACUSE, NY 13202
PHONE: 315.435.3770 • FAX: 315.435.3669 • WWW.ONGOVED.COM

2022 Audit Committee Self-Evaluation Summary

Criteria	Agree	Somewhat Agree	Somewhat Disagree	Disagree
Do Committee members understand the Committee's charter, duties & responsibilities as exhibited by its formal agendas, actions and reports?	3			
Is the Committee comprised of members who are independent as defined by the NYS Authorities Budget Office and who bring a body of expertise, knowledge, and experience necessary to understand and fulfill the goals and duties of the Committee?	3			
Does the Committee require a member to recuse him/herself if an appearance of a financial or other conflict might appear to influence a vote of the committee member or the committee as a whole?	3			
Does the Committee require a member to acknowledge a financial conflict of interest, as defined in Board policy, with any project or action that has come before the Committee during the tenure of the Committee member?	3			
Does the Committee receive advance copies of agendas and supporting material necessary for it to make an informed determinations or recommendations to the Board?	3			
Does the Committee acknowledge and encourage open discussion by its members and staff during committee meetings?	3			
Does the Committee present a self-evaluation to the Board annually, including an examination the Committee Charter?	3			

AUDIT COMMITTEE CHARTER

This Audit Committee Charter was adopted by the Members of the Onondaga County Industrial Development Agency, a public benefit corporation established under the laws of the State of New York, on the 10th day of January 2008.

Purpose

Pursuant to Article VI, Section 2 of the Agency's bylaws, the purpose of the audit committee shall be to (1) assure that the Agency's Members fulfill their responsibilities for the Agency's internal and external audit process, the financial reporting process and the system of risk assessment and internal controls over financial reporting; and (2) provide an avenue of communication between management, the independent auditors, and the Members.

Powers of the Audit Committee

It shall be the responsibility of the Audit Committee to:

- Appoint, compensate, and oversee the work of any public accounting firm employed by the Agency.
- Conduct or authorize investigations into any matters within its scope of responsibility.
- Seek any information it requires from Agency employees, all of whom should be directed by the Members to cooperate with committee requests.
- Meet with Agency staff, independent auditors or outside counsel, as necessary.
- Retain, at the Agency's expense, such outside counsel, experts and other advisors, as the Audit Committee may deem appropriate.

Composition of Committee and Selection of Members

The Audit Committee is established as set forth in and pursuant to Article VI, Section 2 of the Agency's bylaws. The Audit Committee shall be comprised of independent members. The Agency's Chairman will appoint the Audit Committee members and the Audit Committee Chair.

Audit Committee members shall be prohibited from being an employee of the Agency or an immediate family member of an employee of the Agency. In addition, Audit Committee members shall not engage in any private business transactions with the

Agency or receive compensation from any private entity that has material business relationships with the Agency, or be an immediate family member of an individual that engages in private business transactions with the Agency or receives compensation from an entity that has material business relationships with the Agency.

The Audit Committee shall have access to the services of at least one financial expert.

The Audit Committee's financial expert should have 1) an understanding of generally accepted accounting principles and financial statements; 2) experience in preparing or auditing financial statements of comparable entities; 3) experience in applying such principles in connection with the accounting for estimates, accruals and reserves; 4) experience with internal accounting controls and, 5) an understanding of Audit Committee functions.

Meetings

The Audit Committee will meet a minimum of twice a year, with the expectation that additional meetings may be required to adequately fulfill all the obligations and duties outlined in the charter.

Members of the Audit Committee are expected to attend each committee meeting, in person or via telephone or videoconference. The Audit Committee may invite other individuals, such as members of management, auditors or other technical experts to attend meetings and provide pertinent information, as necessary.

The Audit Committee will meet with the Agency's independent auditor at least annually to discuss the financial statements of the Agency.

Meeting agendas will be prepared for every meeting and provided to the Audit Committee members along with briefing materials before the scheduled Audit Committee meeting. The Audit Committee will act only on the affirmative vote of a majority of the members at a meeting or by the consent of a majority of the members. Minutes of these meetings will be recorded.

Responsibilities

The Audit Committee shall have responsibilities related to: (a) the independent auditor and annual financial statements; (b) oversight of management's internal controls, compliance and risk assessment practices; (c) special investigations and whistleblower policies; and (d) miscellaneous issues related to the financial practices of the Agency.

A. Independent Auditors and Financial Statements

The Audit Committee shall:

- Appoint, compensate and oversee independent auditors retained by the Agency and pre-approve all audit services provided by the independent auditor.

- Establish procedures for the engagement of the independent auditor to provide permitted audit services. The Agency's independent auditor shall be prohibited from providing non-audit services unless having received previous written approval from the Audit Committee. Non-audit services include tasks that directly support the Agency's operations, such as bookkeeping or other services related to the accounting records or financial statements of the Agency, financial information systems design and implementation, appraisal or valuation services, actuarial services, investment banking services, and other tasks that may involve performing management functions or making management decisions.

- Review and approve the Agency's audited financial statements, associated management letter, report on internal controls and all other auditor communications.

- Review significant accounting and reporting issues, including complex or unusual transactions and management decisions, and recent professional and regulatory pronouncements, and understand their impact on the financial statements.

- Meet with the independent audit firm on a regular basis to discuss any significant issues that may have surfaced during the course of the audit.

- Review and discuss any significant risks reported in the independent audit findings and recommendations and assess the responsiveness and timeliness of management's follow-up activities pertaining to the same.

B. Internal Controls, Compliance and Risk Assessment

The Audit Committee shall:

- Review management's assessment of the effectiveness of the Agency's internal controls and review the report on internal controls by the independent auditor as a part of the financial audit engagement.

C. Special Investigations

The Audit Committee shall:

- Ensure that the Agency has an appropriate confidential mechanism for individuals to report suspected fraudulent activities, allegations of corruption, fraud, criminal activity, conflicts of interest or abuse by the members, officers, or employees of the Agency or any persons having business dealings with the Agency or breaches of internal control.

- Develop procedures for the receipt, retention, investigation and/or referral of complaints concerning accounting, internal controls and auditing to the appropriate body.

- Request and oversee special investigations as needed and/or refer specific issues to the appropriate body for further investigation (for example, issues may be referred to the State Inspector General or, other investigatory organization.)

- Review all reports delivered to it by the Inspector General and serve as a point of contact with the Inspector General.

E. Other Responsibilities of the Audit Committee

The Audit Committee shall:

- Present annually to the Agency's members a written report of how it has discharged its duties and met its responsibilities as outlined in the charter.

- Obtain any information and training needed to enhance the Committee members' understanding of the role of the independent auditor, the risk management process, internal controls and a certain level of familiarity in financial reporting standards and processes.

- Review the Committee's charter annually, reassess its adequacy, and recommend any proposed changes to the Members of the Agency. The Audit Committee charter will be updated as applicable laws, regulations, accounting and auditing standards change.

- Conduct an annual self-evaluation of its performance, including its effectiveness and compliance with the charter and request member approval for proposed changes.

Onondaga County Industrial Development Agency
Audit Committee Annual Report
2022 Fiscal Year

Committee Members & Staff
Janice Herzog, Committee Chair
Patrick Hogan, Board Chair
Sue Stanczyk, Board Member

Robert Petrovich, Executive Director
Nancy Lowery, Secretary
Nate Stevens, Treasurer

Purpose of the Committee
The Audit Committee provides direct oversight of the performance of the independent audit performed by an accounting firm hired for such purpose

2022 Meeting Schedule
March 8, 2022
October 6, 2022

Fiscal Year 2022
1. Annual Self Evaluation
The Committee conducted a self-evaluation at its October 6, 2022 meeting. It found no issues. The Committee will transmit its evaluation to the Governance Committee for its final review and recommendation to the Board. The Governance Committee will present its recommendations to the full Board at the Agency's Annual Meeting, tentatively scheduled for March 9, 2023

2. Review of Charter
The Committee reviewed its charter on October 6, 2022. It found no issues with the charter. The Committee will present its findings to the Agency Board at the Agency's Annual Meeting, tentatively scheduled for March 9, 2023.

3. Disposition of Duties
The Committee met with the Agency Auditor on March 9, 2022 to review and discuss the 2021 Audit of the Agency. The Committee found the audit to be adequate and they implemented changes as suggested by the Auditor.

The Committee met with the Agency Auditor on October 6, 2022 to review and discuss preliminary audit material for the Agency's 2022 fiscal year. The Committee did/did not have any comments or questions for the Auditor.

The Committee reviewed its charter, annual report and self-evaluation at October 6, 2022 meeting of the Committee as noted above.

Meeting adjourned

Onondaga County Industrial Development Agency

Auditor's Communication with Those Charged with Governance during planning

October 6, 2022

Mike Lisson, Partner

grossman st. amour
CERTIFIED PUBLIC ACCOUNTANTS PLLC

110 West Fayette Street, Suite 900
Syracuse, New York 13202
315.424.1120 • www.gsacpas.com

Agenda

- PROFESSIONAL STAFF
- RESPONSIBILITIES
- PLANNED SCOPE
- WHATS GOING ON IN THE ACCOUNTING AND REGULATORY WORLD

Professional staff

- Audit Partners - Mike Lisson, CPA, CITP & Mark Ciaralli, CPA, CFE
  - Mike is the lead partner and is responsible for reviewing the audit. PAAA requires a change in partner once every 5 years (last year we had a change)
  - In addition, due to changes in governmental auditing standards, we assign two partners to all of our governmental audits

  Contact Information:
  - Mike (315) 701-6430 / Mark (315)-701-6391

    mlisson@gsacpas.com / mciaralli@gsacpas.com
- All staff assigned need to possess adequate professional competence
  - All professionals must complete at least 80 hours of CPE to enhance professional proficiency and at least 24 hours must be specific to governmental areas every two years related to the audit
  - Brianah Lane (Bri) – professional staff accountant will continue on the audit this year

AUDITOR RESPONSIBILITIES

- Auditor's Responsibilities
  - Communicated through engagement letter
  - We are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America **(AICPA)**; with government auditing standards **(GAGAS)**; and the New York State Authorities Budget Office **(ABO)**
  - We form and express an opinion over the financial statements prepared by management, with your oversight, about whether the financial statements are prepared, in all material respects, with **GAAP (GASB).** You have the ultimate responsibility for these financial statements.
  - As a component unit of Onondaga County, your financial information is **included** in the County's financials. The County's independent auditors do not take responsibility for the financial information as they reference other auditors (GSA CPA's) in accordance with professional standards.

MANAGEMENT RESPONSIBILITIES

- Management's Responsibilities:
  - Communicated through engagement letter
  - Preparation and fair presentation of the financial statements with GAAP
  - Design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements from material misstatement from:
    - Errors
    - Fraudulent financial reporting
    - Misappropriation of assets
    - Violations of laws, governmental regulations, grant agreements or contractual agreements
  - Provide unrestricted access to all records, documentation and persons necessary to obtain audit evidence
  - Identifying and ensuring compliance with laws and regulations applicable to the entity's activities
  - For adjusting financial statements to correct material misstatements and confirming to us in the management representation letter that uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole
  - For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets

PLANNED SCOPE

- Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.
- Our audit is designed to provide reasonable, but not absolute, assurance about whether the financial statements are free of **material** misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations.
- There is always a risk that material misstatements may exist that may not be detected by us.

PLANNED SCOPE (continued)

- We are required to obtain an understanding of your entity and its environment, including internal controls, to assess the risks of material misstatement of the financial statements and as a basis for designing the nature, timing, and extent of further audit procedures.

- Our audit is not designed to express an opinion or provide assurance on internal control over financial reporting or compliance with provisions of applicable laws, regulations, contracts, and agreements.
  - Although we don't express opinions over these, we will communicate our scope and results of that testing through a separate communication, titled: *"Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards"*

- Identification of significant risks
  - Revenue recognition
  - Investment in real property

A significant risk for our audit purposes are risks relating to amounts or disclosures in the financial statements that require special audit consideration because of the likelihood and magnitude of the potential misstatement. We consider certain factors to determine whether a risk is a significant risk.

WHAT'S GOING ON IN THE ACCOUNTING & REGULATORY WORLD

Accounting / Auditing

Auditing

- SAS No. 142 *"Audit Evidence" (12/31/22 effective)*
  - What constitutes audit evidence and sets out attributes of information that are taken into account by the auditor when evaluating information
- SAS No. 143 *"Auditing Accounting Estimates and Related Disclosures" (12/31/23 effective)*
  - Addresses auditor's responsibilities related to accounting estimates, including fair value and related disclosures.
- SAS No. 145 "*Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*" (12/31/23 effective)
  - Revised requirements to evaluate the design of certain controls within the control activities component;
  - New requirements related to audit documentation
  - Does not fundamentally change the key concepts underpinning audit risk, rather, clarifies and enhances certain aspects of the identification and assessment of the risks of material misstatement to drive better risk assessments and, therefore, enhance audit quality.
- Governmental Accounting Standards (GASB)
  - No new significant new statements impacting OCIDA for '22
  - Numerous ongoing GASB projects may impact OCIDA in future years
    - Risks and uncertainties disclosures
    - Classification of nonfinancial assets
    - Financial reporting model