



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

**OCDC Audit Committee
October 3, 2023**

8:30 am Call to Order

A. Approval of March 7, 2023 meeting minutes

Action Items

1. Presentation of the 2023 Onondaga Civic Development Corporation Pre-Audit

Representative: Mike Lisson, Grossman St. Amour, OCDC Auditor

2. Self-Evaluation of the Committee

The Committee will review a summary of the committee members' self-evaluation of the Committee.

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

3. Review Committee Charter

The Committee will review its 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

4. Review Committee Draft Annual Report (2023 Fiscal Year)

The Committee will review its 2023 Annual Report

Action Requested:

- a. A Resolution of the Committee to transmit the Annual Report to the Governance Committee for review and recommendation to the Board.

Representative: Nancy Lowery, Secretary

Adjourn

ONONDAGA CIVIC DEVELOPMENT CORPORATION
Audit Committee Meeting
March 7, 2023

An Audit Committee meeting of the Onondaga Civic Development Corporation was held on Tuesday, March 7, 2023 at 333 West Washington Street, Syracuse, New York, 13202, in the large conference room on the first floor.

Michael LaFlair called the meeting to order at 8:36 am with the following:

PRESENT:

Michael LaFlair
Virginia Biesiada O'Neill

ABSENT:

Alison Miller

ALSO PRESENT:

Robert M. Petrovich, President/CEO
Nancy Lowery, Secretary
Nate Stevens, Treasurer
Alexis Rodriguez, Assistant Treasurer, OCDC
Svetlana Dyer, Assistant Secretary
Karen Doster, Recording Secretary
Christopher Andreucci, Harris Beach PLLC
Matthew Pelligra, Office of Economic Development
Mike Lisson, Grossman St. Amour
Kimberly Townsend, OCDC Board Member
Vincent Cioci, OCDC Board Member

APPROVAL OF AUDIT COMMITTEE MEETING MINUTES – OCTOBER 13, 2022

Upon a motion by Virginia Biesiada O'Neill, seconded by Michael LaFlair, the OCDC Audit Committee approved the meeting minutes of October 13, 2022. Motion was carried unanimously.

REVIEW AND DISCUSS 2022 FISCAL YEAR AUDIT

Mike Lisson stated the draft financial statements, the form I990 and the presentation were sent to the Board previously. He stated he is going to cover the highlights of the presentation. He stated the audit went extremely well and no issues or concerns from his perspective. He stated it was a clean audit which is the best audit you can have. He stated there are no control issues to communicate to the Board or management. He stated from a financial statement standpoint they are fairly consistent with past years because there is really no new accounting standards or items

to adopt this past year. He stated the biggest thing that happened this past year is from a numbers standpoint. He stated revenue from a project fee come in from LeMoyne from the bond offering that comes through as primary operations and the airpark had some parcel sales which was about \$400,000. He stated those were the primary drivers for a majority of the revenues. He stated expenses consisted of a few service contracts that were approved over the course of the year as well as a loan forgiveness that met the requirements for \$250,000 and the normal Office of Economic Development expense contract with the County. He stated the audit went extremely well with no issues or concerns from his aspect.

Upon a motion by Virginia Biesiada O'Neill, seconded by Michael LaFlair, the OCDC Audit Committee approved a resolution recommending Board approval of the 2022 Audit of the Corporation. Motion was carried unanimously.

ADJOURN

Upon a motion by Virginia Biesiada O'Neill Kevin Kuehner, seconded by Michael LaFlair, the OCDC Audit Committee adjourned the meeting at 8:38 am. Motion was carried unanimously.

Nancy Lowery, Secretary



Onondaga Civic Development Corporation

Auditor's Communication with Those
Charged with Governance during planning

October 3, 2023

Mike Lisson, CPA Partner

Bri Lane, CPA Supervisor

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

I) 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 (we rotated partner in 2021)
- 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

II) 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
- A tax practitioner must possess the necessary competence to engage in practice before the IRS. Requires the appropriate level of knowledge, skill, thoroughness and preparation for necessary for the matters for which the practitioner is engaged
- Brianah Lane (Bri) – supervisor, will continue on the audit this year and has been working on the audit for 3+ years

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



AUDITOR RESPONSIBILITIES

Auditor's Responsibilities, con't

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and **obtain audit evidence that is sufficient** and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, **but not for the purpose of expressing an opinion on the effectiveness of OCDC's internal control.**
- Evaluate the **appropriateness of accounting policies used** and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, **including the disclosures**, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt of **OCDC's ability to continue as a going concern** for a reasonable period of time.



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 acceptance of nonattest services, including identifying the proper party to oversee nonattest work;
- For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
- For the accuracy and completeness of all information provided.

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
- **Identification of significant risks**
 - Revenue recognition

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.

PLANNED SCOPE (continued)

- We perform testing over significant revenue & expenses:
 - **Service contract expenses** - one so far:
 - Canine Carnival Service Contract (9/18/2023); \$5,000

WHAT'S GOING ON IN THE ACCOUNTING & REGULATORY WORLD

Regulatory

I) Authorities Budget Office (ABO)

- Regulation 22-01 issued 11/21/2022, *Posting and Maintaining Reports on Public Authority Websites*, supersedes regulation 21-01
- New requirements regarding board meetings
 - Post meeting notices and agendas (including the authorization of videoconferencing if applicable) at least one week in advance of a board meeting
 - Written procedures concerning video conferencing (if applicable)
 - Documents to be discussed (e.g.: board packet) must be posted at least 24 hours prior to the meeting
- ABO's *Board Meetings: Best Practices for Public Authorities* updated in June 2023 (originally issued January 2015)
- <https://www.abo.ny.gov/recommendedpractices/practices.html>

WHAT'S GOING ON IN THE ACCOUNTING & REGULATORY WORLD

Regulatory

I) Authorities Budget Office (ABO) (continued)

- The ABO completed 12 transparency reviews (including one review of a public complaint) from April-July 2023. Some common areas for improvement:
 - 83% of authorities are not posting **adequate information on board members and executive management** including executive management background and qualifications, board member appointment dates, appointing entity, term, and current employment and professional background information.
 - 75% of authorities are not posting **information for committee meetings** including meeting schedules, notices, agendas, packets, minutes, and webcasting and video recordings.
 - Incorrect debt amounts (conduit debt obligations) – “the ABO finds that when questioned, authorities are often unsure what the correct balances are for conduit debt issued on behalf of a third party, as it is not their liability. **Regardless of who is responsible for the debt, if an authority issues debt, they must keep accurate records to correctly report**, as required by Public Authorities Law”

WHAT'S GOING ON IN THE ACCOUNTING & REGULATORY WORLD (continued)

Regulatory

II) NYS Comptroller

- Issued 6 audit reports in 2022 related to Local Development Corps (LDC's). No new audit reports issued as of September 2023.
- Areas focused on:
 - Project approval and monitoring
 - Budgeting and board oversight
 - Management and monitoring of loan fund program
 - Disbursements
 - Procurement processes

WHAT'S GOING ON IN THE ACCOUNTING & REGULATORY WORLD (continued)

Accounting / Auditing

Auditing

- 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 OCDC for 2023
 - Numerous ongoing GASB projects may impact OCDC in future years
 - Risks and uncertainties disclosures
 - Classification of nonfinancial assets
 - Financial reporting model
 - Revenue and expense recognition guidance
 - Accounting and financial reporting for subsequent events

WHAT'S GOING ON IN THE ACCOUNTING & REGULATORY WORLD (continued)

I) Internal Revenue Service

Form 990

- IRS provides draft instructions and tax forms for 2023 available on their website at <https://www.irs.gov/draft-tax-forms>
- Minor updates from the IRS pertaining to OCDC

Overall – no significant changes expected from the IRS pertaining to OCDC's 2023 tax filing obligation

II) New York State Charities Bureau

Form Char500

- Annual filings are to be submitted online (practice began September 2022)
 - Electronic signatures – Bob & Nate
 - Online account was set up for 2022 filing
 - All supporting information, audited financials and Form 990 are uploaded via PDF
 - Payment is made during submission via credit card or e-check



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2023 Audit Committee Evaluation

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 Board of Directors of the Onondaga Civic Development Corporation (the "Corporation") a not-for-profit corporation established under Section 1411 of the Not-For-Profit the laws of the State of New York, on the 2nd day of March 2010.

Purpose

Pursuant to Article IV, Section 1 of the Corporation's bylaws, the purpose of the audit committee shall be to (1) assure that the Corporation's Directors fulfill their responsibilities for the Corporation's 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 Directors.

Powers of the Audit Committee

It shall be the responsibility of the Audit Committee to:

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

Composition of Committee and Selection of Committee Members

The Audit Committee is established as set forth in and pursuant to Article IV, Section 1 of the Corporation's bylaws. The Audit Committee shall be comprised entirely of "Independent Members" (as such term is defined in the By-Laws). Members shall be elected by a plurality of votes cast by the Directors of the Corporation at each annual meeting of the Board and shall serve until the next annual meeting.

Audit Committee members shall be prohibited from being a staff member of the Corporation or an immediate family member of a staff member of the Corporation. In addition, Audit Committee members shall not engage in any private business transactions with the Corporation or receive compensation from any private entity that has material business relationships with the Corporation, or be an immediate family member of an

individual that engages in private business transactions with the Corporation or receives compensation from an entity that has material business relationships with the Corporation.

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 videoconference. The Audit Committee may invite other individuals, such as management staff, auditors or other technical experts to attend meetings and provide pertinent information, as necessary.

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

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 Corporation.

A. Independent Auditors and Financial Statements

The Audit Committee shall:

- Recommend, compensate and oversee independent auditors retained by the Corporation 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 Corporation's independent auditor shall be prohibited from providing non-audit services.
- Review and approve the Corporation'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 Corporation'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 Corporation 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 staff of the Corporation or any persons having business dealings with the Corporation 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.

D. Other Responsibilities of the Audit Committee

The Audit Committee shall:

- Present annually to the Corporation's Directors 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 Directors of the Corporation. 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 directors approval for proposed changes.



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2023 Annual Report of OCDC Committees

Audit Committee

Committee Members & Staff

Michael LaFlair, Chairperson
Alison Miller
Virginia Biesiada O'Neill

Robert M. Petrovich, President / Chief Executive Officer
Nancy Lowery, Secretary / Public Hearing Officer
Nate Stevens, Treasurer

Purpose of the Committee

The purpose of the audit committee shall be to assure that the Corporation's Directors fulfill their responsibilities for the Corporation's external audit process, the financial reporting process and the system of risk assessment and internal controls over financial reporting; and provide an avenue of communication between management, the independent auditors, and the Directors.

Meeting Schedule:

The committee met on:

- 1) March 7, 2023
- 2) October 3, 2023

Fiscal Year 2023

1. Annual Self-Evaluation: The committee conducted a self-evaluation. It found no issues. The Committee will present its evaluations to the Governance Committee for its final review and recommendations to the Board. The Governance Committee will present the evaluations to the full board at the March 2024 Annual Meeting.

2. Charter Review: The committee reviewed its charter on October 3, 2023. It was satisfied with the charter. The Committee will present its findings to Governance Committee for its final review and recommendations to the Board. The Governance Committee will present the evaluations to the full board at the March 2024 Annual Meeting.

3. Disposition of Duties: The Committee met with the Corporation Auditor on March 7, 2023 to review and discuss the 2022 Audit of the Corporation. The Committee found the audit to be adequate and did not have any substantive comments or questions for the Auditor

The Committee met with the Corporation Auditor on October 3, 2023, to review and discuss preliminary audit material for the Corporation's 2023 fiscal year. The Committee did not have any substantive comments or questions for the Auditor.