



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

ONONDAGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY

Audit Committee Meeting Agenda Tuesday, October 26, 2021

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

A. Approval of the March 9, 2021 minutes

ACTION ITEMS

1. Self-Evaluation of the Committee

The Committee members will review the Audit committee members' evaluations

Committee Action Requested: 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

Committee Action Requested: 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 (2021 Fiscal Year)

The Committee members will review the Draft Annual Report of the Committee

Committee Action Requested: 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

Call to Adjourn the Meeting of the OCIDA Audit Committee

SUBJECT TO BOARD APPROVAL

Onondaga County Industrial Development Agency
Audit Committee Meeting Minutes
March 9, 2021

An Audit Committee meeting of the Onondaga County Industrial Development Agency was held on Tuesday, March 9, 2021 via Zoom Teleconference.

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

PRESENT:

Janice Herzog
Patrick Hogan

ABSENT:

Susan Stanczyk

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
Kevin McAuliffe, Barclay Damon Law Firm
Amanda Fitzgerald, Barclay Damon Law Firm
Victor Ianno, Board Member
Steve Morgan, Board Member
Kevin Ryan, Board Member
Fanny Villarreal, Board Member
Mike Lisson, Grossman St Amour PLLC
Joseph Markert, DL Manufacturing
Glenn MacKay, OYA Solar, LLC
John Switzer, SSC Lysander
Brandon Jackson, Brolex Plank Road, LLC
Jason Mehl, Brolex Plank Road, LLC
Charles Breuer, Hueber-Breuer

(Patrick Hogan shared information as to how the meeting will be conducted in light of COVID-19.)

APPROVAL OF AUDIT COMMITTEE MEETING MINUTES – FEBRUARY 9, 2021

Upon a motion by Patrick Hogan, seconded by Janice Herzog, the OCIDA Audit Committee approved the minutes of the February 9, 2021 meeting. Motion was carried.

AUDIT FROM GROSSMAN ST. AMOUR

Mike Lisson stated the audit went extremely well. He stated it will be a clean unmodified audit opinion. He stated there are no control issues or concerns and no compliance issues to report to the committee. He stated the big picture from financial statement numbers is cash went up a bit. He stated primarily it was because of \$1,300,000 from Onondaga County for cost reimbursement plus net operations generated about \$1,600,000 in Agency fees. He stated the Agency spent a little under \$500,000 on White Pine this year which was more than previous year. He stated the Agency distributed about \$225,000 in COVID-19 grant relief funds. He stated IDA's were previously not allowed to give out money in this form but there was a state law change in 2020 related to Covid. He stated the audit went extremely well and management was great to work with.

Patrick Hogan thanked Mike Lisson for his efficiency through the COVID crisis and for putting this together.

Janice Herzog stated thank you to the staff because she knows there is a lot going on behind the scenes and this last year we were active so there was a lot to track.

Upon a motion by Patrick Hogan, seconded by Janice Herzog, the OCIDA Audit Committee approved a resolution recommending to the Board approval of the 2020 Audit of the Agency. Motion was carried.

Upon a motion by Patrick Hogan, seconded by Janice Herzog, the OCIDA Audit Committee adjourned the meeting at 8:08 am. Motion was carried.

Nancy Lowery, Secretary



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2021 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
2021 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

2021 Meeting Schedule

February 9, 2021

March 9, 2021

October 26, 2021

Fiscal Year 2021

1. Annual Self Evaluation

The Committee conducted a self-evaluation at its October 26, 2021 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 8, 2022

2. Review of Charter

The Committee reviewed its charter on October 26, 2021. 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 8, 2022.

3. Disposition of Duties

The Committee met with the Agency Auditor on March 9, 2021 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 26, 2021 to review and discuss preliminary audit material for the Agency's 2021 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 26, 2021 meeting of the Committee as noted above.



Onondaga County Industrial Development Agency

Auditor's Communication with Those
Charged with Governance during planning

October 19, 2021

Mark R. Ciaralli, CPA, CFE, Partner
Michael G. Lisson, CPA, CITP, Partner

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 – Mark Ciaralli, CPA, CFE & Michael Lisson, CPA, CITP
 - Mark is the lead partner and is responsible for reviewing the audit. PAAA requires a change in partner once every 5 years
 - **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
 - Brianah (Bri) Lane – (315) 701-6405 – blane@gsacpas.com
 - 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

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 OCIDA'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 **OCIDA'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, 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”*
- One exception – the required **“Investment compliance”** report required by the NYS ABO. We provide an opinion over compliance with your investment policies and procedures.

WHAT'S GOING ON IN THE ACCOUNTING & REGULATORY WORLD

Regulatory

- Authorities Budget Office (ABO) – regulation 21-01 (issued March, 2021)
 - Posting and Maintaining Reports on Public Authority Websites
 - Includes information such as:
 - **Annual report**
 - **16 required items**
 - Budget report
 - Independent audits and audit reports
 - **IDA regulatory requirements** (Part 250.1 of Title 19 NYCRR & Section 858 of GML)
 - **11 required items**, including such items as:
 - Standard application form, uniform tax exemption policy, all approved applications, annual compliance report regarding NYS sales tax recapture, list of active projects (includes PILOT agreement, project agreement and various other supporting documents for the project, assessments of each active project, grants provided and loans provided.
 - Other Documents
 - Procurement policies & annual procurement report
 - Investment policies and annual investment report
 - Conflict of Interest policy
 - Whistleblower policy
 - Fee schedules

WHAT'S GOING ON IN THE ACCOUNTING & REGULATORY WORLD

Accounting / Auditing Auditing

- **SAS No. 134**, Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements
 - **Audit opinion changes, expanded descriptions of management & auditor responsibilities, key features of an audit**

- **SAS No. 135**, Omnibus Statement on Auditing Standards – 2019
Amended various sections of professional requirements, including:
 - I. **Consideration of fraud in a financial statement audit**
 - **Additional evaluation of significant unusual transactions**
 - II. **Communication with those charged with governance**
 - **More communication** on significant unusual transactions
 - III. **Related parties**
 - **Increased audit requirements on related parties, relationships, and associated transactions**

- **SAS No. 137**, The Auditor's Responsibilities Relating to Other Information Included in Annual Reports
 - **Clarifies guidance on other information included in reports**

WHAT'S GOING ON IN THE ACCOUNTING & REGULATORY WORLD

Accounting / Auditing

Auditing

- **SAS No. 138**, Amendments to the Description of the Concept of Materiality
 - Eliminates inconsistencies between the description of materiality used by various regulatory agencies, including the U.S. Judicial system and other U.S. standard setters and regulators
 - New definition: **“if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user”** compared to **“could reasonably be expected to influence”**
- **Yellow Book 2018/2021 (1/1/21 effective)**
 - Further clarifications for independence and ethics
 - Preparation of the financial statements by your auditor is a **significant threat to independence**
 - Further expansion on your teams proficiency and competence requirements
 - A technical update was made in April 2021, clarified certain professional requirements and provided additional guidance for auditors to consider

WHAT'S GOING ON IN THE ACCOUNTING & REGULATORY WORLD

Accounting / Auditing

Accounting Standards

- GASB 91 – Conduit Debt Obligations (1/1/21 effective)
 - Clarifies whether or not an asset or liability is recorded by the organization
 - OCIDA had \$92,877,101 of such obligations outstanding as of 12/31/20
- GASB 92 – Omnibus 2020
- GASB 93 – Replacement of Interbank Offered Rates
- GASB 94 – Public-Private and Public-Public partnerships and availability payment arrangements
- GASB 95 – Postponement of the effective dates of certain authoritative guidance
- GASB 96 – Subscription-based information technology arrangements
- GASB 97 – Certain component unit criteria, and accounting & reporting for internal revenue code section 457 deferred compensation plans