



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

MEETING AGENDA
OCDC Audit Committee
11:25 a.m. Office of Economic Development Conference Room
October 17, 2018

11:25 a.m. Call to Order

- A. Approval of March 8, 2018 meeting minutes**

Action Items

- 1. Discuss pre-audit procedures**

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.

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: Brian M. Bartlett, Secretary

- 3. Review Committee Charter**

The Committee will review its 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: Brian M. Bartlett, Secretary

- 4. Review Committee Annual Report**

The Committee will review its 2018 Annual Report

Committee Action Requested: A Resolution of the Committee to transmit the Annual Report to the Governance Committee for review and recommendation to the Board.

Representative: Brian M. Bartlett, Secretary

Adjourn

ONONDAGA CIVIC DEVELOPMENT CORPORATION
Audit Committee Meeting
March 8, 2018

An Audit Committee meeting of the Onondaga Civic Development Corporation was held on Thursday, March 8, 2018 at 333 West Washington Street, Syracuse, New York, 13202, in the large conference room on the first floor.

Ben Dublin called the meeting to order at 8:13 am with the following:

PRESENT:

Dennis Duval
Ben Dublin

ALSO PRESENT:

Julie A. Cerio, President/CEO
Brian Bartlett, Secretary
Nate Stevens, Treasurer
Karen Doster, Recording Secretary
Christopher Andreucci, Harris Beach
Mike Lisson, Grossman St. Amour, CPAs
Michael LaFlair, OCDC
Ken Bush, Onondaga County Legislature

APPROVAL OF AUDIT COMMITTEE MEETING MINUTES – DECEMBER 19, 2017

Upon a motion by Ben Dublin, seconded by Dennis Duval, the OCDC Audit Committee approved the meeting minutes of December 19, 2017. Motion was carried unanimously.

REVIEW AND DISCUSS 2017 FISCAL YEAR AUDIT

Mike Lisson stated it was a clean audit with no issues or concerns. He stated it is a clean unmodified audit opinion, no control weaknesses and no specific items to note. He stated the past year was uneventful with really no project fees coming in other than a few \$500 application fees. He stated about \$174,000 has come in from a revenue standpoint. He stated the net position decreased to about \$774,000 primarily because there isn't a lot of revenue coming in. He stated a parcel of land was sold at the airpark. He stated 60% goes to OCIDA and OCDC keeps 40%. He stated the liability at the end of the year is about \$128,000 and he thinks the expectation is more parcels to be sold in the near future. He stated expenses are pretty even and not a lot of changes. He stated the service contracts are about \$95,000 this past year which is consistent with past years. He stated one loan was repaid for \$225,000 but there are still about

\$70,000 for two other loans that have been delinquent on payment and past due by about 10 months. He stated currently there is no reserve for those. He stated he spoke to management and they are going to keep monitoring and work with legal counsel by means of collection. He stated overall no compliance issues and it was a clean audit.

Upon a motion by Dennis Duval, seconded by Ben Dublin, the OCDC Audit Committee approved a resolution recommending Board approval of the 2017 Audit of the Corporation. Motion was carried unanimously.

Upon a motion by Dennis Duval, seconded by Ben Dublin, the OCDC Audit Committee adjourned the meeting at 8:17 am. Motion was carried unanimously.

Brian Bartlett, Secretary



grossman st. amour
CERTIFIED PUBLIC ACCOUNTANTS PLLC

Onondaga Civic Development Corporation

Auditor's Communication with Those
Charged with Governance during planning

October 17, 2018

Mike Lisson, Partner

Agenda

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

Professional staff

- Audit Partner – Michael Lisson, CPA, CITP
 - Contact Information:
 - Michael Lisson (315) 701-6430
 - mlisson@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
 - 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 matter for which the practitioner is engaged

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
- 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

Accounting / Auditing

➤ Auditing

- **SAS No. 133** *"Auditor Involvement with Exempt Offering Documents"*
- SAS No. 132 *"Auditor's Consideration of an Entity's Ability to Continue as a Going Concern"*
- **Yellow Book 2018**
 - 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

➤ Accounting Standards

- GASB 86 – Certain Debt Extinguishment Issues
- GASB 87 – Leases **(1/1/20 effective date)**
- GASB 88 – Certain Disclosures Related to Debt, including direct borrowings and direct placements
- GASB 89 – Accounting for Interest Cost incurred before the End of a Construction Period
- GASB 90 – Majority Equity Interests – an amendment of GASB No. 14 & No. 61

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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2018 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?	2			
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?	2			
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?	2			
Does the Committee require a member to acknowledge a financial conflict of interest, as defined in Trust policy, with any project or action that has come before the Committee during the tenure of the Committee member?	2			
Does the Committee receive advance copies of agendas and supporting material necessary for it to make an informed determinations or recommendations to the Trust?	2			
Does the Committee acknowledge and encourage open discussion by its members and staff during committee meetings?	2			
Does the Committee present a self-evaluation to the Trust annually, including an examination the Committee Charter?	2			



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2018 Annual Report of OCDC Committees Audit Committee

Committee Members & Staff

Benjamin Dublin, Chairman/Director
Dennis Duval, Director
Julie A. Cerio, President / Chief Executive Officer
Brian M. Bartlett, 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 8, 2018
- 2) October 17, 2018

Fiscal Year 2018

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 2019 Annual Meeting.

2. Charter Review: The committee reviewed its charter on October 17, 2018. 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 2019 Annual Meeting.

3. Disposition of Duties: The Committee met with the Corporation Auditor on March 8, 2018 to review and discuss the 2017 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 17, 2018, to review and discuss preliminary audit material for the Corporation's 2018 fiscal year. The Committee did not have any substantive comments or questions for the Auditor.