

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY – LDC
(INCLUDING THE ST. LAWRENCE COUNTY LOCAL DEVELOPMENT CORPORATION)
ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY – CDC**

AUDIT AND FINANCE COMMITTEE MEETING

March 9, 2016

AUDIT EXIT CONFERENCE

Audit Dates: January 19, 2016 to January 22, 2016

Time: 8:55 AM

Present: **Audit and Finance Committee:** (Mark Hall, and R. Joseph Weekes, Jr.); **PMHV & Co.:** Mark Mashaw, **IDA staff:** Kimberly Gilbert.

Mark Mashaw distributed documents to all present: a balance sheet summary (Attachment A) and note summary (Attachment B).

Mark Mashaw gave an overview, with all present. Key factors to note in the balance sheet summary that he composed:

- Accounts Receivable – Newton Falls Rail Revenue – Kim Gilbert noted that the final request for funding for Phase I was requested. Mark Hall asked about the time frame for receiving the monies. Kim Gilbert stated that it could vary, averaging about 8-10 weeks, but could take up to as much as 6 months.
- Mark Mashaw spoke of the new receivable for Capital Leases and how it was PMHV's decision to re-categorize how lease purchases were recorded on the books. No error had occurred. The change represents a modification in accounting classifications, thus creating a capital lease, and removing the attached asset from the books. This will prevent losses being reported when the Lease Purchase is completed and is a more true representation of the actual occurrence.
- Mark Mashaw addressed the GASB 68 required implementation. This is mandated to begin for the fiscal year ending 12/31/2015 and involves details on an actuarial study that the NYS Retirement System completes and the actuarial study that the IDA has completed. The report takes both studies into account and records inflow and outflows. A very detailed note on the information is included in the IDA Audit notes.
- Mark Mashaw spoke on the creation of bad debt allowance accounts. This is recommended to account for bad debt expenses that are likely to occur in the future. Kim Gilbert provided an analysis of all the loan funds and their historical failure rates. The IDALDC was analyzed at a failure rate of 5%, and the Microenterprise program had a failure rate of 15%. These rates were used in calculating the bad debt allowances for the corresponding loan funds. Mark Hall mentions that the success and failure rates seemed to be very good considering the nature of high risk loans we work with sometimes.

- Kim Gilbert points to one of the last notes that appear on some of the audits reference 2014 reclassifications that occurred and they seem to be comparable. Per Mark Mashaw, these reclassifications were related to the fact that interest income used to be categorized as one account and is now separated into two interest income accounts; one for loan interest and one for investment interest. The Capital Lease change, mentioned earlier, is also one factor. Mark also informed the group that since the RVRDA administrative money is actually an internal transfer from one fund to another fund within the same entity (IDALDC) this should not be represented as an expense/revenue, but as an internal transfer, so that it does not misrepresent the revenues and expenses.

Lastly, Mark Mashaw states that each audit was clean, the best that can be presented. It means that no problems were encountered and no findings were revealed. All Journal entries or changes were for reclassification, reporting in the most appropriate way possible, not due to error. Mark noted that everything seemed to be very well documented and very traceable. He is very comfortable with the audit and procedures.

9:17 am: IDA Staff (Kim Gilbert) leaves the room to allow the Audit and Finance Committee members the opportunity to discuss matters confidentially and directly with the auditors.

9:26 am: Kim Gilbert was called back into the room

Mark Hall mentioned that he really likes the Balance Sheet Summary that Mark Mashaw presented and that it was easy to interpret. Kim Gilbert informed the committee members that she would try to find a better way to present information that was easy to read and understand, similar to Attachment A, when she reports to the board members each month. Kim asked that the finance committee review the new reports that she creates and offer suggestions until they achieve the results that are acceptable to them.

With no further questions or comments, the audit entrance conference concludes at 9:37 am.

Attachment A

Balance Sheets - December 31, 2015

	SLC IDA	SLC IDA - CDC	SLC LDC	SLC IDA - LDC (Cons.)	GMEDF	SLRVRA
Assets:						
Cash and Cash Equivalents	\$ 2,395,079	\$ 274,234	\$ 110,501	\$ 13,319,950	\$ 1,826,043	\$ 9,942,851
Cash - Special Reserve	2,000,000	54,332	-	-	-	-
Interest Receivable	48	2,177	579	4,751	923	1,805
Accounts Receivable	209,127	-	-	5,857	-	2,161
Notes Receivable	84,533	128,680	150,708	3,804,865	772,012	1,717,985
Capital Lease Receivable	334,731	-	-	492,207	-	-
Other Assets	6,380	-	-	531	-	531
Fixed Assets (net)	3,890,810	-	-	783,540	-	783,540
Total Assets	8,920,708	459,423	261,788	18,411,701	2,598,978	12,448,873
Deferred Outflows - Pension	70,529	-	-	-	-	-
Total	<u>\$ 8,991,237</u>	<u>\$ 459,423</u>	<u>\$ 261,788</u>	<u>\$ 18,411,701</u>	<u>\$ 2,598,978</u>	<u>\$ 12,448,873</u>
Liabilities:						
Accrued & Other Expenses	\$ 11,519	\$ -	\$ 2,600	\$ 39,809	\$ -	\$ 39,808
Compensated Absences	209,484	-	-	-	-	-
OPEB Obligations	589,003	-	-	-	-	-
Net Pension Liability	73,014	-	-	-	-	-
Long-Term Debt	1,537,376	-	-	-	-	-
Total Liabilities	2,420,396	-	2,600	39,809	-	39,808
Deferred Inflows - Pension	19,312	-	-	-	-	-
Net Position / Net Assets	6,551,529	459,423	259,188	18,371,892	2,598,978	12,409,065
Total	<u>\$ 8,991,237</u>	<u>\$ 459,423</u>	<u>\$ 261,788</u>	<u>\$ 18,411,701</u>	<u>\$ 2,598,978</u>	<u>\$ 12,448,873</u>

Included in prior column totals.

Income Statements for the Year Ending December 31, 2015

	<u>SLC IDA</u>	<u>SLC IDA - CDC</u>	<u>SLC LDC</u>	<u>SLC IDA - LDC (Cons.)</u>	<u>GMEDF</u>	<u>SLRVRA</u>
Revenue and Support:						
Interest Income - Loans	\$ 10,785	\$ 3,973	\$ 8,617	\$ 122,495	\$ 27,424	\$ 43,425
Interest Income - Banks	643	49	19	7,756	335	7,011
Project Revenues	987,764	-	-	-	-	-
County Administration Fees	400,000	-	-	-	-	-
Related Party Admin. Fees	207,200	-	-	-	-	-
Other Revenue	40,400	2,025	735	51,402	-	51,077
Grant Income	-	-	-	59,715	-	59,715
WIB Director	-	-	-	37,148	-	-
Total Revenue and Support	<u>1,646,792</u>	<u>6,047</u>	<u>9,371</u>	<u>278,516</u>	<u>27,759</u>	<u>161,228</u>
Expenses:						
Salaries and Wages	376,838	-	-	86,488	-	-
Employee Benefits & Taxes	184,028	-	-	7,396	-	-
OPEB Expense	130,288	-	-	-	-	-
Project Expenses	433,249	-	-	-	-	-
Community Development	-	-	-	361,488	-	361,488
Administration Fees	-	-	-	200,000	7,200	-
Marketing	37,517	-	-	36,946	-	36,946
Insurance	10,054	454	454	12,455	454	11,546
Interest Expense	7,126	-	-	-	-	-
Depreciation	4,409	-	-	22,789	-	22,789
Other Expenses	76,237	3,425	8,608	85,541	4,782	10,153
Bad Debts	-	-	27,417	239,570	179,341	-
Bad Debt Reserves	-	-	26,500	189,000	40,000	80,000
Contractual	-	-	-	-	-	348,600
Total Expenses	<u>1,259,746</u>	<u>3,879</u>	<u>62,979</u>	<u>1,241,673</u>	<u>231,777</u>	<u>871,522</u>
Revenues over Expenses	387,046	2,168	(53,608)	(963,157)	(204,018)	(710,294)
GASB 68 Implementation	<u>(92,326)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position/Assets	<u>\$ 294,720</u>	<u>\$ 2,168</u>	<u>\$ (53,608)</u>	<u>\$ (963,157)</u>	<u>\$ (204,018)</u>	<u>\$ (710,294)</u>

F. Hood (E)

**St. Lawrence County Industrial Development Agency
Audit Committee Meeting Memo
March 9, 2016**

Audited Entities

- St. Lawrence County Industrial Development Agency
- St. Lawrence County Industrial Development Agency - Civic Development Corporation
- St. Lawrence County Local Development Corporation
- St. Lawrence County Industrial Development Agency - Local Development Corporation
- St. Lawrence River Valley Redevelopment Agency
- Greater Massena Economic Development Fund

Auditor's Report

- Audits were prepared in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.
- All entities received an unmodified audit opinion.

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

- We considered internal control for the purpose of determining audit procedures. During our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

St. Lawrence County Industrial Development Agency

- The financial statements have been reformatted.
- 2014 was restated for the effects of a capital lease transaction (note 21).
- GASB No. 68 - Accounting for Pensions was implemented (note 9).

SLC IDA - LDC

- 2014 was restated for the effects of a capital lease transaction.

Required Communications