

ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
AUDIT AND FINANCE COMMITTEE MEETING
February 18, 2020

AUDIT ENTRANCE CONFERENCE
Audit Dates: Week of January 27, 2020

Time: 10:14 AM

Present: **Audit and Finance Committee:** (Andrew McMahon, Brian Staples and Mark Hall);
PMHV & Co.: Mark Mashaw and Jackie Davison, **Staff:** Kimberly Gilbert.

Mr. Staples calls the meeting to order. A quorum is recognized.

Mr. Mashaw proceeds with an audit service plan that includes:

Engagement Team:

Edward Mucenski, CPA Quality Control and Engagement Partner
Mark Mashaw, CPA Engagement Partner
Jacqueline Davison Senior Auditor
Sarah Morrison, CPA Senior Auditor

Management's Responsibilities:

A summary of management responsibilities includes the following:

- Preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States.
- Designing, implementing, establishing, and maintaining effective internal controls over financial reporting.
- Implementing systems to achieve compliance with applicable laws and regulations.
- Selection and application of appropriate accounting principles.
- Making all financial records and related information available to us.
- Recording material audit adjustments and confirming to us that the effects of any uncorrected misstatements are immaterial to the financial statements taken as a whole.
- Designing and implementing programs and controls to prevent and detect fraud, and for informing us about any known or suspected fraud.
- Assuming all management responsibilities relating to the tax services, reporting services, financial statements, related notes, and any other non-audit services.
- Providing a letter confirming representations made during the audit.

Engagement Objectives

- Plan and perform our audits to obtain reasonable assurance about whether the financial statements are free of material misstatements, whether caused by error or fraud. Our audit does not provide absolute assurance and is subject to the inherent risk that errors or fraud, if they exist, may not be detected.
- Obtain a sufficient understanding of internal control to plan the audits of the financial statements. However, such understanding is required for the purpose of determining our audit procedures and not to provide any assurance concerning internal control.
- Communicate our responsibilities in relation to the audit and establish an understanding of the terms of the engagement.
- Perform tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements.
- Communicate to management and the Audit Committee, in writing, significant deficiencies and material weaknesses identified during our audits.
- Consult regarding accounting, compliance, tax, and other matters as needed throughout the year.

- Work with management towards timely issuance of financial statements and other required filings.
- Provide our resources as needed throughout the year. Mark Mashaw provides a summary of the overall objectives:
- Obtain reasonable assurances as to whether the financial statements are free of material misstatements.
- Perform tests of compliance with provisions to certain laws, regulations, contracts, and grants.
- Obtain a sufficient understanding of internal control to plan the audits of the financial statements.
- Communicate to management and the audit committee, in writing, any significant deficiencies or material weaknesses.
- Consult with staff regarding accounting and tax matters needed throughout the year.
- Provide resources throughout the year to staff as needed.

Audit Strategy:

Our audit strategy includes consideration of the following:

- Prior year audit results together with interim financial information and preliminary analytical reviews, including discussions with management and others.
- Inherent risk within the Agency before recognizing internal controls.
- Materiality thresholds.
- New accounting and financial reporting standards and guidance.
- Industry developments and general economic conditions.
- Accounting policies and procedures of the Agency.
- Significant management judgments and accounting estimates.
- Changes to internal controls and the susceptibility of internal controls to failure.
- Computer systems. Partners are heavily involved in all aspects of the audit.

Preliminary Risk Assessment:

High Risk Assessment

- Long-term receivables
- Grant receivables and related revenue
- Due from Other Governments
- Long-term debt
- Related party transactions
- Post-retirement liabilities
- Other significant and unusual transactions

Moderate or Low Risk Assessment

- Cash and cash equivalents
- Investments
- Other receivables
- Property and equipment
- Accounts payable and accrued expenses
- Payroll and related payroll expenses
- Net position (or net assets)

Accounting Standards:

The financial statements will be in accordance with *GASB Accounting Standards*. The Governmental Accounting Standards Board (GASB) has issued several significant new accounting standards that are effective for the year ending December 31, 2019. These standards are as follows:

- GASB Statement No. 83 – Certain Asset Retirement Obligations
- GASB Statement No. 84 – Fiduciary Activities
- GASB Statement No. 88 – Certain Disclosures Related to Debt, including Direct Borrowing
- GASB Statement No. 90 – Majority Equity Interests

Significant Transactions and Events:

- Newton Falls Rail Rehabilitation Project
- J&L/Benson Mines Site Remediation Project
- Newell Building Project

There appear to be no timing issues with the field work. Mr. Mashaw notes the audit process should be completed with reports available mid March 2020.

With no further questions or comments, staff exit the room at 10:39 AM to allow the members of the audit and finance committee to speak directly with the auditors.

Mr. Staples motions to conclude the Audit and Finance Committee Meeting at 10:50 AM, seconded by Mr. Hall.