

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

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

Time: 10:50 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 Accounting Standards Board (FASB) has issued several significant new accounting standards that are effective for the year ending December 31, 2019. These standards are as follows:

- ASU 2014-09 – Revenue from Contracts with Customers
- ASU 2018-08 – Contributions Received and Contributions Made
- ASU 2016-01 – Financial Instruments-Overall: Recognition and Measurement of Financial Assets and Financial Liabilities
- ASU 2016-18 – Statements of Cash Flows: Restricted Cash

**Significant Transactions and Events:**

St. Lawrence County IDA Local Development Corporation

- LKR Enterprises loan – change in building ownership
- Five new loans issued

St. Lawrence River Valley Redevelopment Agency

- LC Drives stock conversion
- One new capital lease / sale of Massena property
- Six new loans issued

Greater Massena Economic Development Fund

- LKR Enterprises loan – change in building ownership

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 11:21 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 11:23 AM, seconded by Mr. Hall.