

**ST. LAWRENCE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
AUDIT AND FINANCE COMMITTEE MEETING**

January 28, 2021

**AUDIT ENTRANCE CONFERENCE
Audit Dates: Begins the week of January 25, 2021**

Time: 8:32 AM

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

This meeting was held via teleconference with Mr. Hall and Mrs. Gilbert present in the IDA office.

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

Mr. Mashaw proceeds with reviewing an audit service plan that is attached:

The audit will be held remotely this year with the audit team coming to the office for one to two days towards the end of the audit to gather information that they may need.

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 2021.

With no further questions or comments, staff exit the room at 8:40 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 8:42 AM, seconded by Mr. Hall.



ST. LAWRENCE COUNTY

INDUSTRIAL DEVELOPMENT AGENCY

2020 AUDIT SERVICE PLAN

January 28, 2021



Pinto·Mucenski·Hooper
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**St. Lawrence County Industrial Development Agency
2020 Audit Service Plan**

January 28, 2021

The Board of Directors
St. Lawrence County Industrial Development Agency

We are pleased to be of service to the St. Lawrence County Industrial Development Agency. The following report describes our audit plan for the year ending December 31, 2020, and discusses other services provided by us. This report is designed to communicate matters relevant to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. This report provides an overview of our plan for the 2020 audits including a summary of our overall objectives for the audit; the nature, scope, and timing of the planned audit work; and any other services required by the St. Lawrence County Industrial Development Agency.

Respectfully,

Pinto Mucenski Hooper Van House & Co.
Certified Public Accountants, P.C.

Engagement Team

The team members for this year's audit and tax services are listed below. All team members are available to be reached throughout the engagement.

Edward Mucenski, CPA
Quality Control Review Partner and Engagement Partner



Mark Mashaw, CPA
Engagement Partner



Jacqueline Davison
Senior Auditor



Sarah Morrison, CPA
Senior Auditor



Management's Responsibilities

The engagement letters provide specific details regarding management 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.
- Maintain our independence with respect to the St. Lawrence County Industrial Development Agency.
- Provide our resources as needed throughout the year.

Overall Audit Strategy

Overall, our audit strategy is to focus on areas with a higher risk of material misstatement (whether due to fraud or error) and any other areas of concern brought forward by management or the Board of Directors.

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

The assessment and identification of risk is performed throughout the audit process in coordination with management and staff. Our focus is on the risks that have a potential impact on financial reporting and financial accounting systems and assessing controls that mitigate those risks.

High Risk Assessment

- Long-term receivables
- Grant receivables and related revenue
- Due from Other Governments
- 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 accrues expenses
- Long-term debt
- Payroll and related payroll expenses
- Net position

Financial Statement Audit Timeline

Preliminary management meetings, interim audit fieldwork, and engagement communications will run from December 2020 through January 2021.

The development of audit strategy, the determination of the nature and scope of audit procedures, and client communications will run throughout the engagement and will change as necessary.

Trial balances and audit binders were delivered to us on January 25, 2021.

The individual audits will be presented to the Audit Committee and/or Board of Directors in March 2021.

GASB Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued several accounting standards that are effective for the year ending December 31, 2020 or later. These standards are as follows:

- GASB Statement No. 83 – *Certain Asset Retirement Obligations* (effective for 12/31/2020)
- GASB Statement No. 84 – *Fiduciary Activities* (effective for 12/31/2020)
- GASB Statement No. 87 – *Leases* (effective for 12/31/2021)
- GASB Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements* (effective for 12/31/2020)
- GASB Statement No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period* (effective for 12/31/2021)
- GASB Statement No. 90 – *Majority Equity Interests* (effective for 12/31/2020)

COVID-19 Audit Implications

The novel coronavirus will impact 2020 audits of all sizes, industries, and entity types. Audits may be affected in a number of ways. Possible areas of concern are:

- Business and operation changes.
- Paycheck Protection Program (PPP) Loans.
- Remote workplace environments.
- Auditor accessibility to client records and staff (remote auditing).
- Internal controls.
- Regulatory changes and extensions.
- Financial reporting and going concern considerations.

In order to navigate this challenging environment, the AICPA has provided information on topics such as remote auditing, financial reporting considerations, and other industry-specific guidance.

Significant Transactions and Events

St. Lawrence County Industrial Development Agency

- Newell Building Project
- Newton Falls Rail Rehabilitation Project
- J&L/Benson Mines Site Remediation Project
- From the Heart Cabinetry Capital Lease Agreement
- J&L \$750,000 DANC loan paid off in 2020

2020 Reporting Requirements

- Financial statement audit in accordance with GAAP
- Auditor's required communications letter
- Financial statement audit in accordance with Government Auditing Standards