

**SENECA COUNTY
INDUSTRIAL DEVELOPMENT AGENCY
AUDIT COMMITTEE
MEETING MINUTES**

Wednesday, March 14, 2022

2:00pm

Held via Zoom Livestreamed due to COVID-19

Attendance:

Members Present: Steve Brusso SDIDA Chair, Thomas Kime

Staff Present: Sarah Davis- Executive Director, Patricia Jones- Deputy Director, and Kelly Kline- Office Manager

Others Attending: Jeff Shipley- Board Member and Robert E. Kernan, Jr., IDA CFO; Audit Firm Representatives: John Rynkiewicz, Jr., CPA- Principal and Michael J. DeBadts CPA Lead Auditor

Chair Brusso called the meeting to order at 2:00 pm. A quorum of the Committee was present.

Approval of the Audit Committee Minutes / September 14, 2021:

The minutes of the Agency's Audit Committee Meeting of September 14, 2021 had been mailed to Committee members prior to the meeting. A motion was made by Mr. Kime to approve the minutes, Seconded by Mr. Brusso. Members Brusso and Kime voted "yea." Motion carried.

Presentation of the 2020 IDA Audit and Management Letter:

Mr. Rynkiewicz informed the committee that as a result of the audit an unqualified opinion was issued relating to the financial position of the Agency on December 31, 2020. Opinion: "in our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Seneca County Industrial Development Agency, a Component Unit of Seneca County, New York, as of December 31, 2021, and the changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America."

The firm did identify a deficiency in internal control relating to a custodial agreement with one of its banks in this year's audit. It was noted that there were no recommendations from the prior year.

The following schedules from the Financial Executive Summary were presented by the audit firm representative Mr. Rynkiewicz:

Statement of Net Position & Changes in Net Position.

- Statement of Net Position:
 - Assets:
 - Current Assets- 2021 \$3,159,341, 2020 \$3,285,343, Variance (\$126,002).
 - Non-Current Assets- 2021 \$353,161, 2020 \$437,067, Variance (\$83,906).
 - Capital Assets- 2021 \$1,013,916, 2020 \$1,754,340, Variance (\$740,424).
 - Total Assets- 2021 \$4,526,418, 2020 \$5,476,750, Variance (\$950,332).
 - Due to noted changes above.

- Deferred Outflow of Resources- 2021 \$77,987, 2020 \$99,313, Variance (\$21,326).
- Liabilities:
 - Current Liabilities- 2021 \$99,374, 2020 \$103,855, Variance (\$4,481).
 - Non-Current Liabilities- 2021 \$215, 2020 \$100,236, Variance (\$100,021).
 - Total Liabilities- 2021 \$99,589, 2020 \$204,091, Variance (\$104,502).
 - Due to noted changes above.
 - Deferred Inflow of Resources- 2021 \$78,680, 2020 \$4,616, Variance \$74,064.
- Net Position:
 - Net Investment in Capital Assets- 2021 \$1,013,916, 2020 \$1,754,340, Variance (\$740,424).
 - Due to Transfer of the Sewer Line in 2021.
 - Restricted- 2021 \$1,287,177, 2020 \$1,279,245, Variance \$7,932.
 - Unrestricted- 2021 \$2,125,043, 2020 \$2,333,771, variance (\$208,728).
 - Total Net Position- 2021 \$4,426,136, 2020 \$5,367,356, Variance (\$941,220).
 - Due to noted changes above.
- Changes in Net Position:
 - Operating Revenues- 2021 \$146,795, 2020 \$349,627, Variance (\$202,832).
 - Operating Expenses- 2021 (\$1,147,317), 2020 (\$532,687), Variance (\$614,630).
 - Operating Income (Loss)- 2021 (\$1000,522), 2020 (\$183,060), Variance (\$817,462).
 - Due to noted changes above.
 - Non-Operating Revenues- 2021 \$59,302, 2020 \$143,727, Variance (\$84,425).
 - Non-Operating Expenses- 2021 \$0, 2020 (\$30,800), Variance \$30,800.
 - Non-Operating Income (Loss)- 2021 \$59,302, 2020 \$112,927, Variance (\$53,625).
 - Net of above.
 - Changes in Net Position- 2021 (\$941,220), 2020 (\$70,133), Variance (\$871,087).
 - Net Position- End of Year- 2021 \$4,426,136, 2020 \$5,367,356, Variance (\$941,220).

Operating Fund Summarized Statement of Net position:

- Operating Fund:
 - Assets:
 - Total Assets- 2021 \$3,375,825, 2020 \$4,334,089, Variance (\$958,264).
 - Due to changes in Capital Assets (\$740,424) and Accounts Receivable (\$177,826).
 - Deferred Outflows (ERS)- 2021 \$77,987, 2020 \$99,313, Variance (\$21,326).
 - Due to FASB adjustment for the Retirement Plan.
 - Liabilities:
 - Total Liabilities- 2021 \$99,589, 2020 \$204,091, Variance 9\$104,502).
 - Due to FASB adjustment for the Retirement Plan
 - Deferred Inflows- 2021 \$78,680, 2020 \$4,616, Variance \$74,064.
 - Net Position:
 - Total Net Position- 2021 \$3,275,543, 2020 \$4,224,695, Variance (\$949,152).
 - Financial Highlights:
 - Sale/disposal of Sewer line for \$1,036,968 (Gross before Accumulated Depreciation), Net Position decreased due to the disposal of the Sewer Line.

Operating Fund Summarized Changes in Net Position:

- Operating Fund:
 - Operating Revenues- 2021 \$34,699, 2020 \$335,480, Variance (\$200,781).
 - Agency Fees down (\$200,781).
 - Operating Expenses- 2021 (\$1,143,008, 2020 (\$529,242, Variance (\$613,766).
 - Contractual Expenses up (\$612,237) in 2021.
 - Operating Income (Loss)- 2021 (\$1,008,309), 2020 (\$193,762), Variance (\$814,547).
 - Due to Operating Revenues down (\$200,781) and Operating Expenses up (\$613,766).
 - Non-Operating Income (Loss)- 2021 \$59,157, 2020 \$112,795, Variance (\$53,638).
 - Due to decrease in Grant Income of (\$70,208), Interest Income of (\$14,500) net of a Decrease in Site Development cost of \$30,800.
 - Changes in Net Position- 2021 (\$949,152), 2020 (\$80,967), Variance 9\$868.185).
 - Net Position- End of Year- 2021 \$3,275,543, 2020 \$4,224,695, Variance (\$949,152).
 - Due to items noted above.
 - Financial Highlights:
 - Agency Fees- 2021 \$34,699, 2020 \$235,480, Variance (\$203,781)
 - Difference Scepter Fees received in 2020.
 - Contractual expenses increased due to the loss on disposal of the Sewer line in 2021.
 - Awarded a \$600,000 state grant in which \$300,000 received for marketing and professional services going back to 2015, no drawdowns submitted in 2021.

Revolving loan Fund Summarized Statement of Net Position:

- Revolving loan Fund:
 - Total Assets- 2021 \$1,150,593, 2020 \$1,142,661, Variance \$7,932.
 - Due to increase in net receivables and cash in 2021.
 - Total Net Position- 2021 \$1,150,593, 2020 \$1,142,661, Variance \$7,932.
 - See note above.

Revolving Loan Fund Summarized Changes in Net Position:

- Revolving Loan Fund:
 - Operating Revenues- 2021 \$12,096, 2020 \$14,147, Variance (\$2,051).
 - Operating Expenses0 2021 (\$4,309), 2020 (\$3,445), Variance (\$864).
 - Operating Income 9Loss)- 2021 \$7,787, 2020 \$10,702, Variance 9\$2,915).
 - Due to a decline in revenues and an increase in expenses in 2021.
 - Changes in Net Position- 2021 \$7,932, 2020 \$10,834, Variance (\$2,902).
 - Net Position- End of Year- 2021 \$1,150,593, 2020 \$1,142,661, Variance \$7,932.

IDA SINGLE AUDIT

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditors' Report:

Opinions ON Each Major Federal Program- "In our opinion, the Seneca County Industrial Development Agency, a Component Unit of Seneca County, New York complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect of its major federal programs for the year ended December 31, 2021".

Report on Internal Control Over Compliance- “Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.”

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance- “In our opinion, the schedule of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.”

Schedule of Expenditures of Federal Awards- For the year Ended December 31, 2021:

Total Expenditures of Federal Awards- \$779,559.

Revolving Loan Fund:

Cash	\$713,306
Outstanding loans receivable-	437,287
Administrative cost allowance	<u>4,309</u>
Subtotal	\$1,154,902
Sum of EDA dollars/Total	<u>0.675</u>
Total RLF assistance	<u>\$ 779,359</u>

Schedule of Findings and Questioned Costs:

Summary of Auditor’s Results:

Financial Statements:

- Type of Auditor’s Report Issued- Unmodified (Clean Opinion).
- Internal Control over Financial Reporting:
 - 1. Material Weaknesses Identified- No.
 - Significant Deficiency(ies) Identified- No.
- Noncompliance material to Financial Statement noted- No

Federal Awards:

- Internal Control Over Major Programs:
 - 1. Material Weaknesses Identified- No.
 - 2. Significant Deficiency(ies) Identified- No.
- Type of Auditor’s Report on Compliance for major Program- Unmodified.
- Any audit findings that are required to be reported in accordance with CFR Section 200.516(a)- No.
- Identification of major Programs:
 - CFDA Number(s)- Economic Development Cluster- CFDA # 1.307.
 - Name of Federal Program or Cluster- Revolving Loan Fund.
- Dollar threshold used to distinguish between Type A and Type B programs- \$750,000.
- Auditee qualifies as low-risk auditee- Yes.

Financial Statement Findings:

- There were no current year findings or questioned costs and there were no prior year findings or questioned costs.

A motion was made by Mr. Kime recommending approval of the 2021 Audit Report to the full SCIDA Board and Seconded by Mr. Brusso. Members Brusso and Kime voted “yea.” Motion carried.

A motion was made by Mr. Kime recommending approval of the Single Audit Report to the full SCIDA Board and Seconded by Mr. Brusso. Members Brusso and Kime voted :yea.” Motion carried.

Ms. Davis, presented a review of the SCIDA Long Term Financial Plan reflecting SCIDA- Worst Case- Known Revenues only Against Budgeted Expense for the period 2022 through 2028.

Adjournment:

A motion was made by Mr. Kime at 2:45 pm to adjourn the meeting. Seconded by Mr. Brusso. Motion carried.

Respectfully submitted,

Robert E. Kernan, Jr.
SCIDA- CFO