

**Cayuga County Industrial Development Agency  
Audit Committee Meeting  
First Floor Conference Room  
2 State St.  
Auburn, NY  
March 17, 2020 at 3:30pm**

Chairman Ray Lockwood called the meeting to order at 3:43pm., noting that a quorum of the committee was present.

**ROLL CALL**

Present: Ray Lockwood, John Latanyshyn, Herb Marshall

Others Present: Tracy Verrier (CEDA); Samantha Frugé (CEDA); Elaine Buffington (Buffington & Hoatland), Andrew Rindfleisch (CCIDA), Ben Vitale (CCIDA), Rick Cook (Hancock Estabrook).

**REVIEW OF 2019 FINANCIAL AUDIT:**

Elaine Buffington of Buffington & Hoatland presented a draft of the 2019 Financial Audit. She noted the audit went very well with no significant audit entries, only one journal entry for interest not recorded. Ms. Buffington said that internal control testing had no material weaknesses or significant deficiencies.

Ms. Buffington reviewed the financials, noting that the financial analysis was prepared by CEDA staff and was not audited. Ms. Buffington began with the statement of financial position, noting that current assets increased from \$696,000 to \$804,000. The increase consisted of an increase in cash and cash equivalents of about \$90,000 and an increase in PILOT receivables by around \$20,000. Cash equivalents increased from \$673,000 to \$760,000 due to a CD that came due and was cashed into the savings account to take advantage of a better rate, and revenue was received from one large project. Ms. Buffington noted capital assets included an increase in construction costs for the sewer line. Total assets increased from \$1.5 million to \$1.569 million. Ms. Buffington noted that the organization still had a grant payable on the book for Clarity Connect, totaling around \$10,000 that had yet to be claimed. Ms. Buffington asked if they were waiting on the paperwork for that grant? Ms. Verrier said that they were, and clarified that the funds were for one town that had specific things they were willing to pay for. Ms. Buffington concluded the statement of financial position, noting that net position for the year was \$1.502 million. Mr. Latanyshyn asked what the investments included? Ms. Buffington said investments included CD accounts that were longer than three months. Mr. Marshall asked if there was a line item under liabilities for PILOT payments received that had not yet been disbursed? Ms. Buffington said that there were lines for PILOT receivable and payable that totaled a net zero.

Ms. Buffington reviewed the statement of revenue and expenses, noting revenues increased around \$12,000 from the previous to \$86,926, due primarily to a large project that was approved. She said that expenses were similar to the year prior, with only one large increase in expenses due to property taxes. Total operating expenses were \$58,000 with an operating income of \$28,000. She noted that accrued interest increased from \$2,000 the year prior to around \$12,000, adding that they had a great year for interest rates and capitalizing on income. Total non-operating income was \$15,199 from land rent and gas royalties, resulting in a change of net position totaling \$43,669.

Ms. Buffington then reviewed the statement of cash flows, noting cash received from operating activities added \$42,738, and expenses were around \$3,300 for the sewer project. Sale of investments included cashing in one of the CD accounts in the amount of \$48,213, which provided an additional \$44,871 in the cash account. The net increase in cash totaled \$87,609 for the year.

Ms. Buffington went over the notes to the financial statement and explained that accounting policies for revenue recognition changed, therefore the notes changed accordingly. She said that the organization follows the accrual method for accounting, and that requires the organization to follow topic 606 for revenue recognition. A section

was added to say that the agency charges an administrative fee based on the type of tax incentive and the revenue is recognized when the agency meets the performance obligation of the contract. She clarified that as far as administrative fee income, when the benefit is granted to the recipient is when that revenue is recognized. She added that this process was not significantly different from what they were doing before, and therefore did not have a material effect on the audit. Ms. Buffington said that they also added a footnote on commitments and contingencies that covers various risks of loss. She noted that there are new footnotes that could be added that address the Coronavirus and economic struggles, but since the audit report was dated for today and if the Board was agreeable, they would not be adding those new footnotes.

Ms. Buffington asked if there were any further questions on the audit report? Mr. Marshall asked what the 'construction in progress' on the statement of net position was totaling \$71,961? Ms. Verrier said that those costs were primarily for costs going into the sewer expansion. Mr. Marshall asked if the preliminary costs for the engineering were considered part of the construction costs? Ms. Buffington said that was correct, and when the construction was completed those costs would roll into the land and building. Mr. Lockwood asked if Ms. Buffington had any concerns on the audit? Ms. Buffington said that she had no concerns and that the testing went well. Their largest concern was regarding the new revenue recognition, but the way the organization recognized revenue wouldn't change much. The Audit Committee had no further questions.

#### **REVIEW OF THE 2019 PARIS REPORTING:**

Ms. Verrier advised that the draft PARIS report provided in the materials was for the IDA projects. The measurement and accomplishment reports were being finalized. She said that both reports are similar to the year prior and almost ready to go, they were just reviewing some wording. Ms. Verrier said that there were two projects they were waiting on paperwork from in regards to their sales tax exemptions for 2019: Cayuga Vet Services and Inns of Aurora (Shakelton).

The meeting adjourned at 3:59pm.

Respectfully submitted,  
Samantha Frugé