

NAME

Ulster County IDA Audit Meeting 3-16-22

DATE

May 23, 2022

DURATION

19m 45s

4 SPEAKERS

Speaker1

Speaker2

Speaker3

Speaker4

START OF TRANSCRIPT

**[00:00:00] Speaker1**

Okay.

**[00:00:01] Speaker2**

It says.

**[00:00:03] Speaker1**

Right. Diane, we're good to go. And then I just wanted to quickly, sorry, apologize to everyone. We were having a little bit of technical difficulties getting going this morning.

**[00:00:15] Speaker2**

All right. Good morning, everyone. Thank you for joining us. I like to call it order the audit committee meeting. We'll start with the Pledge of Allegiance. I pledge allegiance to the.

**[00:00:29] Speaker3**

Flag of the United States of America.

**[00:00:32] Speaker2**

And.

**[00:00:32] Speaker3**

To the republic, which it stands for. One nation under God.

**[00:00:37] Speaker2**

Indivisible, with liberty and justice for all. Thank you. Where is Ron Paul? Diane, I'm in your face.

**[00:00:49] Speaker1**

Storms is absent. And Michael Hamm.

**[00:00:53] Speaker3**

Here.

**[00:00:55] Speaker2**

Thank you.

**[00:00:56] Speaker1**

Thank you.

**[00:00:57] Speaker2**

All right. If we can go to page three of the package that you have. Take a few moments and review the minutes from our January six, 2022 meeting and then ask for a motion to approve the minutes.

**[00:01:26] Speaker3**

Chair. I make a motion. We accept the minutes as presented.

**[00:01:30] Speaker2**

All right, a second. All in favor.

**[00:01:32] Speaker3**

All right.

**[00:01:33] Speaker2**

Thank you. All righty. Rose, do we have any public comment on agenda items only?

**[00:01:43] Speaker1**

Just wait in a second to make sure.

**[00:01:45] Speaker2**

Okay.

**[00:01:48] Speaker1**

Nope. It looks like we don't.

**[00:01:49] Speaker2**

Sorry. Thank you. Thank you. All right. And I don't believe we have any business that we need to take into executive session. No, thank you. Any old business? No business. All right. We're moving right through this agenda. New business we do have, and that is review of the 2021 audited financial statements that we are required to have each year. And so I'd like to introduce Matt Vanderbeek from us, who did our audit for us.

**[00:02:23] Speaker4**

Matt Thanks. Diane. So yes, I'd like to just go through the draft of the financial statements that we have in the packet and reference some of the pages just for your for your own reference. So where we are is we, we've substantially completed the audit. I think we're to the point where we're ready to issue and make sure that you're on time for March 31st deadline and working with Rose. Now, the next step really is to tie out the Paris Report. So the figure is in the back of the financial statements, which is a lot of the stuff that you're interested in as far as employment data and projects and stuff that's still in process, just so you know. So if there's if we find something in our tie out that has to change, we'll make sure that gets updated. But all the numbers in the in the document should be solid and want to thank Rose in particular just making sure we get everything done on time. So I thought the coordination was done well and you'll see in a minute we have no control findings or you saw when you looked at the required communication letter, which is behind the financial statements. So no control findings, no adjustments, which again is what we're looking for from an audit perspective. It makes the audit more efficient and you take responsibility for your books. So it's really important.

**[00:03:54] Speaker4**

So I want to thank Rose for that. So when you look at the financial statements, I'll start you out on page 27 of the packet. Which is the opinion. It did change the format. So it may look a little different than what it is standard this year, but for the most part it says everything is good, the opinion is unmodified. Then I want to just from a highlight perspective, because there were some things fairly significant this year if you look at page 34 of the packet. That is your statement of revenues, expenses and changes in net position. The the most significant thing that should jump out at the bottom of the page is you had an increase in your net position of 528,000. Obviously, that's substantial for the size of this organization caused your net position then to go up to 1.2 million. A lot of it is held in cash. You're going to see in a minute or you may have saw already there's a receivable still that you have to collect on the one project for the Kingstonian project in particular. It's pretty significant. We're going to look to see if, as a subsequent event, if anything happens prior to March, we'll make sure we disclose that we'll be looking to see the status of that. But when you look at the figures, I mean, you continued on with your grant program related to the PPE, you authorized 200,000.

**[00:05:22] Speaker4**

I think you basically spent that. So that that's coming through the expenses this year. So when you compare this year to last year's expenses, really the only change is the fact that you have the change in the amount of grants that you decided to disperse. And on the revenue side, you had six projects, a lot more activity this year. One in particular was large, so you had 775,000 on revenue, which drove that \$528,000 of income. When you look at the cash flow statement on page, you want to say something Rose? No, no. I thought you were about to say something. Page 35. The cash flow shows that you generated 200,000 at the present time in cash. That's an increase in your cash. If you flip back to page 33. Then you're going to look at your balance sheet. The reason I go in that order is because that's where it all ends up. Basically, now you have 648,000 at the time of cash use. You have some escrow increase in escrow deposits. You may see that there is a number that stands out in 2021. We did not have it in 2020. We decided to break it out this year because it was more material. It's more appropriate to put that as a restricted item. Certificate of deposit. You continue to roll over to do in July, make a decision again whether or not you want to roll that over.

**[00:06:46] Speaker4**

And there's your receivable balance of 447 K at the end of December, which the plan to collect that in the short term the liabilities only really make up the escrow payable, which in effect is you require that on your projects and you have a certain level of monitoring and compliance requirements going forward. I think that helps you make sure you get paid for those types of activities and you'll remit what you need to back to the project at the completion of the term. So overall for the IDA, I think those were the main points that I wanted to cover. One last interest of sorry, one last interest item of interest is really on your budget side. It's on page 43. You might be interested there. You're pretty much in line with what your budget was when you revised it based on from a project perspective and you also modified it for the grants you decided to pay out this year. The only thing that's a little different is your contract for services is down. So I think you didn't end up incurring those costs this year for 2021, which, I think makes sense based on my understanding. So that was just something you had budgeted that didn't flow through. That's the only thing that kind of stood out for me. So I wanted to just point that out to you.

**[00:08:17] Speaker1**

Otherwise, I'm sorry. I just want to interrupt real quick. The contracts for other services.

**[00:08:22] Speaker2**

It's.

**[00:08:25] Speaker1**

It's like we know it's going to be extra money in the budget. So that's why it was nothing that we needed to have. We had no extra stuff we needed done.

**[00:08:34] Speaker4**

Oh, that's okay. I thought it was with your contracts. Or. Or. With maybe other entities that you have for services now.

**[00:08:44] Speaker1**

No, it was just. Yeah.

**[00:08:46] Speaker4**

Okay. Well, that's fine. So that just didn't come through. So you had the benefit of that on the expense side. So that's all. I had no other concerns at this point. Again, I thought we're in a position to finish up and move forward.

**[00:09:04] Speaker2**

Thank you, Matt. I do have a question. Page 53 there. I think there's a section it's called Significant Risk Identified. And there were two sorry. Yes. One was management override of controls and the other was improper revenue recognition. Can you talk about that?

**[00:09:21] Speaker4**

Yeah, it's a good question because I actually have the highlighted, but for some reason I just forgot to mention.

**[00:09:26] Speaker2**

Okay.

**[00:09:27] Speaker4**

So with the new auditing standard that was implemented this year for the report, there is also a requirement to communicate with those charged with governance regarding significant risks. So when you look at the engagement letter, I put those same risks in the engagement letter. When you engage me and when I put that there is because we need to communicate that in planning and then at the end of the engagement. So now these two risks are required risks under the auditing standards. So they're not unique to you? Every entity the standards say that there's a management override risk. We always have to identify that as a significant risk. Actually, it's a fraud risk. So and the reason is because we look we look for where management would override a normal control process. So if you have a typical procedure that you have and all of a sudden we see adjustments being made to kind of override that process, we look for that. So we look at and test your journal interest, for instance. That's what that is. We had no issues that we found related to it. That's what management override. Improper revenue recognition, again, is a risk that's identified that's significant. So we just make sure that we have to test your substantively your revenue. You can't just test controls.

**[00:10:45] Speaker2**

Clearly, two things you test out of the gate, so to speak. You have to.

**[00:10:50] Speaker4**

If we had something else that was unique for you for this year, we would identify it. But those those capture really what we had to do. We didn't have to identify anything else.

**[00:10:59] Speaker2**

Okay. Thank you. That's helpful, because I was looking through the rest of it and I didn't see any other language related to any findings or anything. So it's like, well, this is curious, so thank you.

**[00:11:09] Speaker4**

Yeah, no, you're not the only one. I've been asked that now almost in every meeting. So it's a little it's part of the template, believe it or not, that we have to put that in there.

**[00:11:18] Speaker2**

I believe that. Yes.

**[00:11:21] Speaker1**

They always make things better, don't they, Matt?

**[00:11:24] Speaker4**

Yeah, well, the opinion changed a lot. If you look at it, it tries to be more clear because there's always an expectation gap. You always hear about what did the auditors do, what can you rely on? I've learned that since I've been in college. Well, what they're trying to do, in the opinion, is to spelled out the responsibilities of management and the auditors. So that is more clear. So I would make sure you pay attention to that.

**[00:11:49] Speaker2**

Okay, great. Great. So the good news is our revenue is up 250% this past year. Our expenses are down almost 32%. We have more projects generating more fees and our net balance is strong and our net position, I should say. So I think it looks like we're we're in very strong standing here. And thank you for for working with Rose. And thank you, Rose, for all the work that you've done. So March 31st is our deadline to get this all in. And then we have the Paris Report that has to be wrapped up as well.

**[00:12:24] Speaker1**

Right. So I have to wrap up Paris first and then get it to Matt and his team to go through. And they do kind of like a cursory overview for us a little more in cursory probably.

**[00:12:37] Speaker4**

Don't say cursory. Yeah.

**[00:12:39] Speaker1**

But that's part of what you're supposed to. But my point was, it's not part of what you necessarily have to do as part of doing the audit, but you do it also as part of what we asked.

**[00:12:50] Speaker4**

I'll tell you what the responsibility is. The responsibility is in any document that includes financial information that I audit, I have to see that that document is prepared consistently with what I presented as far as an audit. So whenever you put audited information in a document, whether it be an annual report, whether it be the Paris Report, I have to make sure there's not an inconsistency. So we will tie out those numbers now because there's an expectation that because we're doing the audit and I have the schedules in the back of my opinion, we clarify our responsibility in our report. But still, again, there's an expectation of what what why they're there. So we have to look at them more closely. We will test them. We will select samples and we will take them to underlying. Documents, but we won't test 100% of the information just like an order.

**[00:13:41] Speaker1**

Right. I meant there's other stuff in the papers report that doesn't go into the financials and has nothing to do with the financials. But you guys.

**[00:13:48] Speaker4**

Go.

**[00:13:48] Speaker2**

Below that.

**[00:13:49] Speaker4**

As well.

**[00:13:51] Speaker1**

You go and make sure things make sense, the website.

**[00:13:54] Speaker4**

For instance, and make sure that your policies are on there that you say should be on there. We look to see that your minutes are posted. We know all these things that you're doing, but we go back and kind of spot check. That is where we do more of a spot check of of of non financial information.

**[00:14:11] Speaker2**

The Paris Report has to be wrapped up by the 31st because some of that information will show up potentially show up as highlights in the actual audited document. Correct.

**[00:14:21] Speaker1**

So. Yeah, go ahead.

**[00:14:23] Speaker4**

I was going to say the information that's in Paris will be in those schedules in the back of the financials. Those should be consistent with what you report. Is that what you mean?

**[00:14:31] Speaker2**

Yeah.

**[00:14:32] Speaker4**

Yeah.

**[00:14:32] Speaker2**

Yeah. Okay.

**[00:14:33] Speaker4**

Right now it's a draft because I haven't seen the Paris yet, but those are the names that Rosa shared.

**[00:14:39] Speaker2**

Right. Right. I'm sorry. Mike, do you have any questions?

**[00:14:43] Speaker3**

No, Diane, I don't. Just. I'm just going through this. I didn't get it until I said we've had an update to my computer system, so I didn't get a lot of the information right away. So I'm kind of reading it as I go when you're hitting pages.

**[00:14:57] Speaker1**

So I know he had trouble getting my emails to for a little while. A couple of weeks.

**[00:15:02] Speaker3**

Yeah. My servers, it's a lot of stuff goes to quarantine so you don't get it right away right now.

**[00:15:09] Speaker2**

Yeah. Gotcha. Okay.

**[00:15:12] Speaker4**

That's a.

**[00:15:12] Speaker1**

Problem. So some things that will probably change. There might be a little bit of some wording change in some of the notes, but the financial part, like the actual financial statements, is the part that the board will you guys first and then the board have to approve now, which is why we do this now before the audited financials are totally finalized. Yeah, because the that part is what's required for Paris. I have to say on Paris that you've approved them, but we.

**[00:15:46] Speaker2**

Got a committee.

**[00:15:47] Speaker1**

Yeah, well the board but the board can approve it to audit committee does and all of those things have to be done before I can finish Paris also. And then it gets done. I will send it to Matt. I'm hoping I let them know. I'm hoping to have it wrapped up this week, which is the earliest it's been done in the last few years. I think the reporting is getting a little bit easier to come in from folks, which is great, so I'm hoping to have it to them by this week and then we'll have this in in time for the deadline and then it'll be on to the 157 report for the legislature.

**[00:16:31] Speaker2**

Okay.

**[00:16:32] Speaker1**

Jo, anything. You're muted.

**[00:16:36] Speaker3**

Hmm. Where are we at with reporting right now from all the different companies whose.

**[00:16:45] Speaker1**

The last I can recall, it was one company still didn't have their information to us. There was one company that got the full \$1,000 in late fees. We were missing their pilot payment information. I would highly doubt there are project that did not make their pilot payments, but they have not been able to send it to us because they have had a hold up with their corporate offices in a different state. And so that's, I believe, the only thing that's outstanding that we couldn't get.

**[00:17:24] Speaker3**

Okay.

**[00:17:25] Speaker2**

That's great. Joe, anything on your end?

**[00:17:30] Speaker3**

No, I obviously am not the accountant, Diane, and I'm dangerous with numbers. I look at the materials from a standpoint of legal counsel, making sure there's no references to shortcomings or disagreements and that sort of thing. And obviously it's a clean audit from that standpoint, which is a tribute to the staff and to the board and frankly, to Matthew's work in terms of keeping everything between the white lines. So no no comments from council.

**[00:18:08] Speaker2**

All right. Thank you, Joe. Appreciate that. All right. Any other discussion? Any other questions? Does not seem to be. All right, so, Rose, we need to, the audit committee needs to, we need to make them. If I can get a motion to approve the financial audited financial statements as presented today by UHY.

**[00:18:31] Speaker3**

Chair, I'll make the motion to accept the presentation by.

**[00:18:36] Speaker2**

A second on favor. All right.

**[00:18:38] Speaker3**

All right.

**[00:18:39] Speaker2**

All right. We're good. All right. Thank you so much, Matt. Really appreciate it.

**[00:18:45] Speaker4**

Thank you very much.

**[00:18:46] Speaker2**

All right. Will you be joining us at nine for part of the well.

**[00:18:50] Speaker1**

You're staying on for us to do the CRC, right?

**[00:18:54] Speaker2**

That's correct. Yes, I am.

**[00:18:56] Speaker1**

But I'm Matt.

**[00:18:59] Speaker4**

Is it 830 or is it at nine?

**[00:19:01] Speaker1**

It's at 830. The CRC is 830 and then the board is at nine.

**[00:19:06] Speaker4**

The same the same link or a separate link.

**[00:19:09] Speaker1**

All on the same link. You don't have to go anywhere. I just have to turn. I don't have to turn off. I just have to turn off the recording and turn it back on again.

**[00:19:18] Speaker2**

Okay.

**[00:19:18] Speaker4**

Thank you.

**[00:19:19] Speaker2**

Yes. Can I get a motion to adjourn the meeting? For the.

**[00:19:23] Speaker3**

Motion to adjourn.

**[00:19:25] Speaker2**

Second on favor. All right. All right. Thank you, everyone.

**[00:19:28] Speaker4**

Actually. So, I'm sorry, did you guys have to approve? Did you just approve the financials? I just can't remember.

**[00:19:35] Speaker1**

Yes, they.

**[00:19:35] Speaker2**

Did.

**[00:19:36] Speaker4**

Yes.

**[00:19:37] Speaker2**

That's okay.

**[00:19:38] Speaker4**

And distracted. Okay. Thank you.

**[00:19:40] Speaker1**

Okay. So I'm going to stop the recording and turn off YouTube and then I'll let you.

END OF TRANSCRIPT



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