

**ULSTER COUNTY RESOURCE RECOVERY AGENCY
AUDIT COMMITTEE MEETING MINUTES
MARCH 23, 2023**

The Ulster County Resource Recovery Agency held an Audit Committee Meeting on March 23, 2023. This meeting was held in person.

The proceedings were convened at 4:30pm.

Committee Board members present: Committee Members Andrew Ghiorse and Donna Egan. Chair Tom Kacandes was absent.

Staff present: Executive Director Greg Ollivier, Director of Finance and Administration Tim DeGraff and Office Manager Melinda France

From the public: Emily Silengo, and Vincent Commisso from Teal, Becker and Chiaramonte (external auditors) and William Kemble, Reporter from the Daily Freeman.

PUBLIC COMMENT

No public comment.

APPROVAL OF MINUTES

Donna Egan motioned to approve the March 29, 2022, Audit Committee Meeting Minutes and it was seconded by Andrew Ghiorse. 1 in favor, 1 abstention, 1 absent (KACANDES). March 29, 2022, Audit Committee Meeting Minutes were NOT approved.

Donna Egan motioned to approve the February 6, 2023, Audit Committee Meeting Minutes and it was seconded by Andrew Ghiorse. 2 in favor, 0 opposing, 1 absent (KACANDES).

ADMINISTRATIVE MATTERS

Emily Silengo and Vincent Commisso of Teal, Becker and Chiaramonte presented a review of the audit report.

Emily Silengo thanked Tim DeGraff and his team for all of their assistance during the audit. They appreciated all of Tim's assistance with preparation of the financial statement.

Discussion regarding the **Financial Statements** included the following:

Emily brought to the Board's attention the auditors' report in the financial statement packet, which was titled "Independent Auditors' Report".

The following points/comments were made:

Auditors' Report (Recording 2:40-3:20)

- Teal, Becker & Chiaramonte issued an unmodified or clean opinion of the financial statements
- They did not find anything to modify their opinion of the financial statements
- No material misstatements, errors or any other concerns to deviate from that opinion

Management's Discussion and Analysis (Recording 3:22-3:53)

- Prepared by Tim DeGraff
- Provides readers an overview of the Agency for 2022 which includes:
 - What is the Agency?
 - Programs
 - Financial Summaries

Statements of Net Position Review (Recording 4:00-8:00)

- Provides a snapshot of assets, liabilities, and net position at year-end
- Shows what assets are available, how much owed to vendors/others and the net position available for use
- Assets:
 - Cash and equivalents
 - Decrease from prior year by about \$409,000 due to the purchase and investment of capital assets of \$1,000,000 throughout the year and offset by increased net position and overall timing fluctuations
 - Accounts receivables decreased from the prior year by \$461,000 which is a function of timing of the receipts and collection efforts
 - Non-current assets
 - Net pension asset-Employees Retirement System in amount of approximately \$597,000 is an asset
 - This number fluctuates, as a result of different actuarial calculations and assumptions that fluctuate each year. Calculations take into account various market value assumptions. The number is a result of the economy. The number will also fluctuate depending on how well funded the state's plan is. Current year, the plan was overfunded by 103%; compared to prior year of 99.9%.
 - Less of a liability to the Agency
- Liabilities:
 - Long-term debt continues to decline
 - Landfill post closure care costs continues to decline
- Net Position:
 - Overall the net position increased approximately \$396,000 from last year
 - Total net position was \$16.1 million
 - Increased volume, fluctuations and other increases and expenses drove the net position up

Statement of Revenues Expenses and Changes in Net Position (Recording 8:05-10:13)

- Revenue
 - Overall increase due to increase in volume
 - Solid waste services fees increased about \$1.5 million due to increase in revenue
 - Landfill post closure care costs of \$222,000. This number will fluctuate between revenue and expense item depending on the change in liability. This is driven by the change in the landfill expenses. This item was an expense this year
- Expense

- Operating expenses increased approximately \$1.5 million from prior year
- Due to increase in volume, contractual increases in transportation /disposal costs were the main drivers in the increase
- Net Position
 - Increase of \$396,000 lead to a net position of \$16.1 million at year end

Emily Silengo stated there were no major fluctuations or differences with the two Statements.

Statements of Cash Flows (Recording 10:17-11:20)

- Emily Silengo stated “Statements of Cash Flows” is a good indication of the cash flows purely from an operational point of view. Approximately, \$2.3 million which was comparable to last year. This is from receipts provided and payment to supplies and employees.
- Capital and Related Financing Activities
 - Over \$1 million which related to purchases of pieces of equipment

Emily Silengo took a break for questions. Donna Egan asked about the post closure estimate. Tim DeGraff explained this estimate is driven by leachate which fluctuates due to rain.

Footnotes of the Financial Statement (Recording 12:14-15:33)

- No new accounting standards this year and was very comparable to prior year
- Emily Silengo wanted to provide additional detail to some of the items previously discussed
 - Footnote #4 (Capital Assets)
 - Summary of all the capital assets through the entire year
 - It is a great summary of activities throughout the year
 - Can view all the deletions and additions
 - There are also items that moved out of the construction in progress and placed into service
 - Depreciation expense activity is listed as well
 - Net number will agree back to financial statement piece mentioned
 - Footnote #6 (ERS-Retirement Plan)
 - This review is the different actuarial assumption that were used in the coming up with the pension liability number
 - Emily pointed out and discussed why it was overfunded
 - Footnote #11 (Landfill Closure & Post Closure Care Costs)
 - Summary breakdowns the liability number and where the numbers are derived from
 - 6 years remaining
 - Expenses increased from \$217,000 last year up to \$249,000. This is due to increase in leachate disposal and facility maintenance.
 - This number is an expense this year
 - Footnote #13 (Grant Revenue)
 - Overview of each grant, receipts of payment and track of status

Internal Controls Over Financial Reporting (Recording 15:45-16:23)

- Each year the auditors do a review of the internal controls with a different procedure, and they test them
- A walk through of each process and are incorporated into the audit testing
- If the auditors see anything alarming, the committee would be alerted
- Auditors are not issuing an opinion

Investment Guidelines (Recording 16:33-17:07)

- Nothing came to the auditors' attention that the Agency failed to comply
- Guidelines looked good

Emily Silengo discussed the letter to those charged with governance. The letter discussed the following:

- Auditors' responsibilities-express an opinion
- Management responsibilities
- Significant matters, findings or issues-
 - No issues were found
- Summary of Passed Adjustments
 - This was related to the grants
 - Allowance for the timing and recording of the funds
- GASB 87 Lease Implementation
 - New government accounting standard
 - Put leases on the statement of net position as a liability or an asset
 - Not required due to not being material and was able to record as a pass adjustment
 - Will continue to monitor

(Recording for the above 17:08-19:33)

Emily Silengo discussed the letter of representation. The letter discussed the following:

- Outlines Management responsibilities with respect to the financial statements
- No changes in disclosure
- Standard wording
- Letter needs to be signed by Chair of Committee and Tim DeGraff, Director of Finance and Administration
 - It is new that the Chair of the Committee sign the letter as well

(Recording of the above 19:35-21:13)

Donna Egan asked a question regarding the investments. Tim DeGraff explained that the investment report is required by the ABO (Authorities Budget Office) and the investment line is tied up in debt services from 1993.

Brief discussion regarding the retirement/pension plan and budgeting.

Vincent Commisso discussed the next steps and the timeframe.

OLD BUSINESS/NEW BUSINESS: NONE

ADJOURN

Donna Egan motioned to adjourn the March 23, 2023, Audit Committee Meeting at 5:01 pm. Seconded by Andrew Ghiorse. 2 in favor, 0 opposed, 1 absent (KACANDES).

November 1, 2023

Motion to approve the above transcribed Minutes of the March 23, 2023, Audit Committee Meeting was made by Andrew Ghiorse and seconded by Regis Obijiski. 2 in favor, 0 opposed, 0 absent. Donna Egan could not vote due to participating by phone.

The minutes were approved by the Committee.

Transcribed by: Regis Obijiski, Committee Chair

Meetings are recorded and available upon request.

Signatures:


Regis Obijiski, Chair