

**ULSTER COUNTY RESOURCE RECOVERY AGENCY
AUDIT COMMITTEE MEETING MINUTES
MARCH 24, 2025, AT 6:00PM**

This meeting was held at the Main Office located at 999 Flatbush Road, Kingston, NY.

ROLL CALL

Committee members present: Chair David Gilmour, Committee Member Erica Brown and Committee Member Donna Egan. Donna Egan attended the meeting virtually.

Staff present: Executive Director Marc Rider (virtually), and Director of Finance and Administration Timothy DeGraff.

From the public: A presentation was provided virtually by Thomas Smith, CPA from EFPR. No public was present.

PLEDGE OF ALLEGIANCE

David Gilmour confirmed that the Governance Committee Meeting which was scheduled to take place after the Audit Committee Meeting was cancelled.

APPROVAL OF AGENDA

The Committee agreed to accept the agenda.

APPROVAL OF MINUTES

- Minutes of the Audit Committee Meeting held March 21, 2024

David Gilmour made a motion to adopt the Minutes of the Audit Committee Meeting held on March 21, 2024, and it was seconded by Erica Brown. 2 in favor, 0 opposed, 0 absent. Donna Egan attended the meeting virtually and was unable to vote.

ADMINISTRATIVE MATTERS

- Presentation of draft audit report provided by EFPR Group

David Gilmour stated he would like to go over each section of the Annual Comprehensive Financial Report for the years ended December 31, 2024 and 2023 which is 77 pages with a 3-page letter attached from the auditors to the Board which was sent out on March 13, 2025, with the main focus on the Financial and Compliance sections of the report.

Marc Rider briefly discussed what information was included in the audit report. He stated the report includes the organizational chart, various functions of the Agency, the accomplishments, and financial and compliances. He stated that Tim DeGraff, Director of Finance and Administration, is the one who prepares the report, and he (Marc) reviews the report prior to submittal.

Tom Smith, presented on behalf of EFPR Group. He started off acknowledging Tim DeGraff. He reminded the Board how much work goes into having the report prepared by March 31, 2025.

Tom Smith from EFPR stated and discussed the following:

- EFPR issued an unmodified “Clean” opinion on the Agency’s financial statements
 - All numbers matched
 - All the disclosures are backed up, complete and accurate
- Compliance Section
 - “Clean” and an unmodified opinion
- “Clean” is the highest level of opinions that can be received
- Management Discussion and Analysis section
 - This section provides a summary of the different years and what has been going on in the last 3 years
 - Current Assets have been consistent in the last 3 years
 - Net Pension Asset
 - Capital Assets have been consistent from year to year. There were some depreciation expenses.
 - Liabilities (non vs. current) have changed from year to year. This is due to paying down the bonds and the bonds have been paid off. This will decrease going forward.
 - Net Position is in a healthy position at year-end
- Operating revenue
 - Solid waste service fees consistent and small decrease over the last few years
 - Rising fees on the tonnage
- Nonoperating revenue
 - Investment income increased since interest was higher
- Operating expenses
 - Cost of sales and services were consistent
 - Other operating expenses increased due to inflation
- Net Position
 - Healthy financial position
 - No adjustments were made to the numbers through the process
 - Tom Smith from EFPR Group stated Tim DeGraff’s Treasurer’s Reports can be relied upon. The numbers are correct.

Tom Smith from EFPR Group opened the presentation up for questions from the board. Some questions asked or items discussed were the following:

- Donna Egan asked what is the process or summary of information looked at to make the determination.
 - Tom explained the process:
 - They do not look at every transaction
 - It is a risk-based approach
 - They look at areas that are more accepted to errors
 - For an example he will receive a list of accounts receivable from Tim
 - There is a cut-off dollar amount
 - They look at everything above that cut-off and larger items
 - They pick a sample and use sample forms-which tells how much has been tested, how much is in the account

- The software they use tells them which accounts to look at so there are no errors missed in the smaller accounts
 - They pick random accounts to look at
 - Every balance sheet line and income line has some level of testing
- Donna Egan asked regarding the money set aside for landfill closure what is the mechanism for reserving that money.
 - Tim DeGraff stated:
 - With relation to the report those funds are restricted
 - They were originally set up when the landfills were closed and consolidated
 - There was a percentage of each ton that went into those landfills that was required to be set aside and sent off to the trustee
 - New Paltz and Ulster Landfill accounts (2 separate) were set up because they didn't have the same volume coming in
 - Once they were closed per the trust indenture, the Agency was allowed to utilize those funds
 - Could be used for leachate costs
 - Held onto the funds for anticipation of some type of capital project
 - It was restricted for use for post closure costs and that is why it was classified as restricted cash
 - In order to get the funds out, the Agency would need to go to the trustee
 - Approximately 4 years left on monitoring the closed landfills (New Paltz & Ulster)
- David Gilmour asked a question regarding a statement in the second paragraph on page 28 which read "A change in their grant system has led to delays in the processing of grant payments". He asked if there was a change in 2024 or 2023 or if there was a lag that always has been evident for payments from the grant makers? Marc Rider stated both. Everything is done electronically now. There is a delay in the staffing for processing the payments (about 2 or so a month are processed).
 - On page 27 under "Statements of Revenues, Expenses, and Changes in Net Position", second paragraph David Gilmour asked regarding the sentence "Recycling markets improved from the prior year and related operating revenues increased" were they significant and substantial? Tim DeGraff explained that it was relative.
 - Mark Rider stated that there is a new market for glass.
 - David Gilmour referred to page 34 under "Assets"; "Noncurrent assets - capital assets, net" that a complete list of maintained capital asset inventory valued at \$1000 or more was provided to EFPR Group. Tom Smith confirmed that he received the list. David Gilmour asked that the list gets tagged on to the Capital Improve Plan every year.
 - David Gilmour asked on page 35 if the depreciation schedule was done by each capital item according to each sub-schedules depending on the class of the assets? Tim DeGraff responded yes.
 - On page 39 under "Budgetary Policies" 2nd bullet "The budget is then submitted to the County Executive for review. This is followed by a public hearing process. Finally, the budget is adopted in October of each year by the Board of Directors" David Gilmour asked if the budget is forwarded to the

County Executive as well as County Legislature. Tim DeGraff stated he edited the draft which now includes that it is submitted to the County Executive and County Legislature for full review.

- On page 39, under “Receivables and Allowance for Doubtful Accounts” David Gilmour asked for Tom and/or Tim to define bad debt and to quantify bad debt. Tim DeGraff stated no issues.
- On page 40, under “Deferred Outflows and Inflows of Resources” David Gilmour read the following sentence “This represents the effect of the net change in the Agency’s proportion of the collective net pension asset or liability and difference during the measurement period between the Agency’s contributions and its proportion share of total contributions to the pension system not included in pension expense” and asked if this sentence was correct. Tom would look over it.
- David Gilmour asked when the funding for health benefits for retirees was adopted. Marc Rider stated November of 2024. Tim DeGraff stated the resolution was not in effect until January 1st. Tom stated that page 41 Subsequent Events this would be added there.
 - Donna Egan asked if it was mentioned that there is risk that the landfill might close or should it be added. Tim DeGraff stated no, not for financial reporting purposes. David Gilmour stated it should be identified in capital planning and RIC planning should be in Marc’s introduction letter. Marc stated it is mentioned in the letter regarding the increase in cost of landfill expenses.
- On page 49, under “Long Term Debt” David Gilmour asked for clarification if we have serial bonds, term bonds, capital appreciation bonds, and long-term notes? Tim and Tom mentioned we only have capital appreciation bonds. He asked if the sentence could be clarified.
- On page 49, David Gilmour asked about the balloon payment. Tim DeGraff explained.
- David Gilmour asked if the Agency had any unused lines of credit? Tim DeGraff stated there are no unused lines of credit.
- On page 52, under “Litigation” 11C in the notes, David Gilmour asked about pending lawsuits. He asked if there was a lawsuit or if there were lawsuits. Tim DeGraff stated there was only one lawsuit. Tom stated that if there are two lawsuits in 2023 it would need to encompass both years. After discussion there was no change to the sentence.
- David Gilmour stated that Independent Auditors’ Report on Internal Control Over Financial Reporting on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards which is two pages will be forthcoming.
- David Gilmour stated the report to the board, which is three pages, will be issued as a cover in final letter. Tom Smith explained the process.
- There was discussion on the last page regarding some typos.
- Tim DeGraff stated that there is a specific format that is followed.
- Tom Smith stated that all reports and letters are filed at the same time.

- Donna Egan asked if there was a comparison from year to year. Tim DeGraff was not sure of what she was referring to.
- The Letter of Transmittal is required. David Gilmour asked if agency counsel should be mentioned in the letter.
- David Gilmour asked if the Agency will be including the 2024 Certificate of Achievement in the report. Tim DeGraff stated that the report we are reviewing is for 2024 and can't be included because it does not exist yet. Once this report is completed, we will submit it for the award. The prior year is the proper certificate to include in this year's report.
- David Gilmour stated there was a typo on page six. He asked that the acronym MD&A be spelled out on the first page. He asked that on page seven to add the secretary and attorney. Marc added the people on page seven are management.
- Donna Egan asked if we accept cash at the transfer stations. Tim DeGraff stated that the Agency does not accept cash at the transfer stations.
- Marc Rider stated he would discuss with Tim DeGraff adding a line under Relevant Financial Policies that the Board reviewed the investment policy.
- Tim DeGraff stated the investment policy was last reviewed in 2023 in a Governance Committee. Marc Rider believed it was reviewed in 2024, and the Committee did not change anything.
- Tim DeGraff stated after the changes are made it will be submitted. The changes will be sent over to Tom and they will review them and finalize it. Tim will send it to the ABO and it will be posted to the website. The Board is not required to accept it. The County Finance Department will receive it.

ADJOURN

Motion to adjourn the Audit Committee Meeting on March 24, 2025, at 6:58 PM, was made by Erica Brown and seconded by David Gilmour. 2 in favor, 0 opposed, 0 absent. Donna Egan attended virtually and was unable to vote.

March 26, 2026

Motion to approve the above transcribed Minutes of March 21, 2024, Audit Committee Meeting was made by Donna Egan and seconded by James Gordon. 3 in favor, 0 opposed, 0 absent.

The minutes were approved by the Board.

Transcribed by: Melinda France, Office Manager.

Signatures:



Mike Baden, Chair