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**City of Syracuse**  
**Industrial Development Agency**  
201 East Washington St, 7<sup>th</sup> Floor  
Syracuse, New York 13202  
Tel (315) 473-3275

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To: Audit Committee Members  
Syracuse Industrial Development Agency

From: Judith DeLaney

Date: February 16, 2018

Re: Committee Meeting Agenda – February 20, 2018

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The City of Syracuse Industrial Development Agency will hold an Audit Committee Meeting on **Tuesday, February 20, 2018 at 8:00 a.m.** in in the Common Council Chambers, 304 City Hall, 233 East Washington St., Syracuse, N.Y. 13202. .

The Agenda is as follows:

**I. Call Meeting to Order –**

**II. Roll Call –**

**III. Proof of Notice – 1**

**IV. New Business –**

**Agency Independent Audit Process – Michael Lisson – 2**

A review by the Agency's independent auditor, Grossman, St. Amour CPAs regarding the Agency's auditing procedures.

*Attachment:*

*1. Planning Presentation*

**V. Adjournment –**

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**PLEASE POST**

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**PUBLIC MEETING NOTICE**

**THE SYRACUSE INDUSTRIAL DEVELOPMENT AGENCY**

**HAS SCHEDULED**

**AN**

**AUDIT COMMITTEE MEETING**

**FOR**

**TUESDAY FEBRUARY 20, 2018**

**At 8:00 a.m.**

**IN**

**THE COMMON COUNCIL CHAMBERS**

**304 City Hall  
233 East Washington Street  
Syracuse, NY 13202**



**grossman st. amour**  
CERTIFIED PUBLIC ACCOUNTANTS PLLC



# City of Syracuse Industrial Development Agency

Auditor's Communication with Those Charged with  
Governance during planning

February 20, 2018

Mike Lisson, Partner



# Agenda

- PROFESSIONAL STAFF
- TIMING / AUDIT APPROACH
- RESPONSIBILITIES
- PLANNED SCOPE
- WHATS GOING ON IN THE ACCOUNTING AND REGULATORY WORLD



# Professional staff

- Audit Partner – Michael Lisson, CPA
  - Contact Information:
    - Michael Lisson (315) 701-6430
      - [mlisson@gsacpas.com](mailto:mlisson@gsacpas.com)
- All staff assigned need to possess adequate professional competence
  - All professionals must complete at least 80 hours of CPE to enhance professional proficiency and at least 24 hours must be specific to governmental areas every two years related to the audit



# TIMING/AUDIT APPROACH

- Audit is conducted in two primary phases:
  - Planning/Interim fieldwork
  - Year-end field work

# TIMING/AUDIT APPROACH (CONTINUED)



- Planning/ Interim Fieldwork
  - Conducted during the early February timeframe
  - Areas of focus
    - Understand and document accounting processes and controls
    - Test key controls

# TIMING/AUDIT APPROACH (CONTINUED)



- Year-End Wrap Up
  - Late February through early March 2018
    - Complete substantive testing of significant accounts
    - Completion of financial statements
    - Review financial statement drafts and management letter comments with management
    - Present findings and audit results to the Audit Committee in early March 2018

# TIMING/AUDIT APPROACH (CONTINUED)



- Key Dates to Remember

- Financial Statements – March 31 (NYS Authorities Budget Office)

- Currently, no financial penalties for late filing. Enforcement actions can be brought by ABO, including public censure for failing to comply

**Our Service Plan is expected to easily meet all these deadlines including having your review and approval of such filings well in advance of the deadlines**



# RESPONSIBILITIES

- Auditor's Responsibilities

- Communicated also through engagement letter
- We are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America (AICPA); with government auditing standards (GAGAS); and the New York State Authorities Budget Office (ABO)



- Your financial statements are prepared by management in accordance with generally accepted accounting principles (GAAP). Governmental Accounting Standards Board (GASB) is the GAAP basis.
- We form and express an opinion over the financial statements prepared by management, with your oversight, about whether the financial statements are prepared, in all material respects, with GAAP. You have the ultimate responsibility for these financial statements.

# RESPONSIBILITIES (CONTINUED)



- Management's Responsibilities: (for the audit)

- Communicated also through engagement letter



SIDA Engagement  
Letter

- Preparation and fair presentation of the financial statements

- Design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements

- Provide unrestricted access to all records, documentation and persons necessary to obtain audit evidence

- Identifying and ensuring compliance with laws and regulations applicable to the entity's activities

- For adjusting financial statements to correct material misstatements and confirming to us in the management representation letter that uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole



# PLANNED SCOPE

- Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.
- Our audit is designed to provide reasonable, but not absolute, assurance about whether the financial statements are free of **material** misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations.
- There is always a risk that material misstatements may exist that may not be detected by us.



# PLANNED SCOPE (continued)

- We are required to obtain an understanding of your entity and its environment, including internal controls, to assess the risks of material misstatement of the financial statements and as a basis for designing the nature, timing, and extent of further audit procedures.
- Our audit is not designed to express an opinion or provide assurance on **internal control over financial reporting** or **compliance with provisions of applicable laws, regulations, contracts, and agreements**.
  - Although we don't express opinions over these, we will communicate our scope and results of that testing through a separate communication
- One exception – the required “Investment compliance” report required by the NYS ABO. We provide an opinion over compliance with your investment policies and procedures.



# PLANNED SCOPE (continued)

- Materiality
  - Audit is based on materiality
    - Defined as the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.
  - Materiality judgments are made in light of surrounding circumstances and involve both quantitative and qualitative considerations
  - Quantitative benchmarks such as a percentage of total assets or total revenues are typically used as a starting point for governmental entities

# PLANNED SCOPE (CONTINUED)



- Audit Procedures:
  - Tests of Controls
    - Operating effectiveness tests are performed only on those controls that we have determined are suitably designed to prevent or detect a material misstatement
    - Typically, as the sufficiency & adequacy of audit evidence from tests of controls increase, the sufficiency & adequacy of audit evidence from substantive tests decreases
  - Substantive Procedures
    - Tests of details of transactions, account balances, and disclosures
    - Analytical procedures

# PLANNED SCOPE (CONTINUED)



- Preliminary Assessment
  - Some reliance and testing of internal controls
    - Cash reconciliations, expense approvals
  - Primarily the use of substantive tests of details
    - Required for each material class of transactions, account balances, or disclosures
    - Requires the agreement of financial statements and notes to underlying accounting records
    - Requires the examination of material journal entries and other adjustments made during the course of preparing the financial statements
    - Extent of testing, based on risk of material misstatement, higher risk = more testing

# WHAT'S GOING ON IN THE ACCOUNTING & REGULATORY WORLD



## Accounting / Auditing

### ➤ Auditing

- April 2017 Yellow Book exposure draft
  - Further clarifications for independence and ethics
  - Additional specific training – additional 4 hours specific to auditing
  - Further expansion on your teams proficiency and competence requirements

### ➤ NYS Comptroller

- Board Governance (2017-MS-1; issued September 2017)
  - 1) Statutory authority/reporting; (2) Standard applications / review process; (3) project monitoring
- Annual performance report issued in March 2017



Board  
Governance

### ➤ Accounting Standards

- GASBI No. 2 (Aug 1995) – Disclosure of Conduit Debt Obligations
  - Reexamination of interpretation ongoing
- GASB 83 – Certain Asset Retirement Obligations
- GASB 84 – Fiduciary Activities
- GASB 85 – Omnibus 2017
- GASB 86 – Certain Debt Extinguishment Issues
- GASB 87 – Leases (1/1/20 effective date)



Annual  
Performance Report