



**ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (ECIDA)  
BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT CORP (RDC)  
BUFFALO & ERIE COUNTY INDUSTRIAL LAND DEVELOPMENT CORP (ILDC)**

**Joint Finance & Audit Committee Meeting  
October 16, 2020**

at 12:00 p.m.  
via Conference Call and Live Streaming

1. Approval of Minutes – September 16, 2020 (Action)
2. Freed Maxick 2020 Audit Plan (Information)
3. New Business (Informational)
4. Adjournment

**MINUTES OF A JOINT MEETING OF THE  
FINANCE & AUDIT COMMITTEES OF THE  
ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY (ECIDA or AGENCY)  
THE BUFFALO & ERIE COUNTY REGIONAL DEVELOPMENT  
CORPORATION (RDC) AND THE BUFFALO & ERIE COUNTY INDUSTRIAL  
LAND DEVELOPMENT CORPORATION (ILDC)**

- MEETING:** September 16, 2020, held via telephone conference. Governor Cuomo’s Executive Order 202.1, as amended, issued in response to the Coronavirus (COVID-19) crisis, suspended Article 7 of the Public Officers Law to the extent necessary to permit any public body to take actions without permitting in public in-person access to such meetings and authorized such meetings to be held remotely by conference call or other similar service, provided the public has the ability to view or listen to such proceedings and that the meeting is recorded and transcribed.
- LIVE STREAMED:** This meeting is being live-streamed and made accessible on the ECIDA’s website at [www.ecidany.com](http://www.ecidany.com).
- PRESENT:** Penny Beckwith, Hon. Glenn R. Nellis, Michael Szukala, Art Wingerter and William Witzleben
- ABSENT:** Hon. Joseph H. Emminger
- OTHERS PRESENT:** Mollie Profic, Chief Financial Officer; Atiqa Abidi, Assistant Treasurer; Brian Krygier, Systems Analyst; Carrie Hocieniec, Administrative Coordinator and Robert G. Murray, Esq., General Counsel/Harris Beach PLLC
- GUESTS:** Christopher Canada, Esq., Hodgson Russ and Deep Katdare on behalf of Related Affordable

There being a quorum present, Mr. Szukala called the meeting to order at 10:03 a.m.

**MINUTES**

The August 18, 2020 minutes of the joint meeting of the Committee were presented. Upon motion made by Mr. Nellis, and seconded by Mr. Witzleben, and after a vote was called for by Mr. Szukala, the August 18, 2020 minutes of the Committee were unanimously approved.

**RELATED AFFORDABLE/ELMWOOD SQUARE APARTMENTS BOND ISSUANCE**

Ms. Profic reviewed the project and provided background on the financing benefits of the project.

Upon motion made by Ms. Beckwith and seconded by Mr. Witzleben, to recommend the ECIDA project for financing, the following resolution was then unanimously approved:

RESOLUTION OF THE MEMBERS OF THE ERIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY FINANCE & AUDIT COMMITTEE RECOMMENDING THAT THE AGENCY FINANCE CERTAIN COSTS RELATING TO, AND APPROVING THE UNDERTAKING OF A CERTAIN INITIAL PROJECT DESCRIBED BELOW, AT THE REQUEST OF RELATED AFFORDABLE, LLC AND THE GRANTING OF CERTAIN FINANCIAL ASSISTANCE IN CONNECTION THEREWITH, INCLUDING THE ISSUANCE OF THE ISSUER'S TAX-EXEMPT AND/OR TAXABLE REVENUE BONDS IN A PRINCIPAL AMOUNT NOT TO EXCEED \$9,000,000.00 FOR THE PURPOSE OF UNDERTAKING THE INITIAL PROJECT AND THE COSTS OF SUCH ISSUANCE.

**2021 BUDGET REVIEW TIMELINE**

Ms. Profic provided the budget review timeline to the members. Mr. Szukala directed that the report be received and filed.

**DRAFT 2021 ECIDA OPERATING & CAPITAL BUDGET + 3 YEAR FORECAST**

Ms. Profic noted she provided the Committee with an in depth review of the proposed budgets and capital plans at last month's meeting and noted no changes have been made. Ms. Profic noted the Finance and Audit Committee in the past has made a recommendation that the budget be submitted to the board of directors of each entity for ultimate approval, however, the Finance and Audit Committee conditioned its approval on retaining the ability to review changes that may be recommended to the extent such changes exceed \$100,000 in any one line item or in total.

Mr. Nellis moved, and Mr. Szukala seconded, to approve of the ECIDA budget, as proposed, subject to additional review by the Finance and Audit Committee in the event any change of more than \$100,000 is made in any one line item or in a summation line. Mr. Szukala called for the vote and the motion was then unanimously approved.

**DRAFT 2021 RDC OPERATING & CAPITAL BUDGET + 3 YEAR FORECAST**

Ms. Profic noted she provided the Committee with an in depth review of the proposed budgets and capital plans at last month's meeting and noted no changes have been made. Ms. Profic noted the Finance and Audit Committee in the past has made a recommendation that the budget be submitted to the RDC Board of Directors for ultimate approval, however, the Finance

and Audit Committee conditioned its approval on retaining the ability to review changes that may be recommended by the RDC Board of Directors to the extent such changes exceed \$100,000 in any one line item or in total.

Mr. Witzleben moved, and Ms. Beckwith seconded, to approve of the RDC budget, as proposed, subject to additional review by the Finance and Audit Committee in the event any change of more than \$100,000 is made in any one line item or in a summation line. Mr. Szukala called for the vote and the motion was then unanimously approved.

**DRAFT 2021 ILDC OPERATING & CAPITAL BUDGET + 3 YEAR FORECAST**

Ms. Profic noted she provided the Committee with an in depth review of the proposed budgets and capital plans at last month's meeting and noted no changes have been made. Ms. Profic noted the Finance and Audit Committee in the past has made a recommendation that the budget be submitted to the ILDC Board of Directors for ultimate approval, however, the Finance and Audit Committee conditioned its approval on retaining the ability to review changes that may be recommended by the ILDC Board of Directors to the extent such changes exceed \$100,000 in any one line item or in total.

Mr. Wingerter moved, and Mr. Nellis seconded, to approve of the ILDC budget, as proposed, subject to additional review by the Finance and Audit Committee in the event any change of more than \$100,000 is made in any one line item or in a summation line. Mr. Szukala called for the vote and the motion was then unanimously approved.

**2020 INDEPENDENT AUDITS – APPROVAL OF AUDIT FIRM**

Ms. Profic recommended Freed Maxick for extension of its contract for completion of the 2020 audit.

Ms. Beckwith moved, and Mr. Witzleben seconded, to approve of Freed Maxick's contract extension. Mr. Szukala called for the vote and the motion was then unanimously approved.

There being no further business to discuss, Mr. Szukala adjourned the meeting at 10:31 a.m.

Dated: September 16, 2020

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Karen M. Fiala, Secretary



Erie County Industrial Development Agency  
Audit Plan  
December 31, 2020



October 16, 2020

Finance & Audit Committee Members  
Erie County Industrial Development Agency  
Buffalo, New York

Dear Finance & Audit Committee Members:

We are pleased to present you our audit plan for the fiscal year ending December 31, 2020, for the Erie County Industrial Development Agency and affiliates (ECIDA). Our plan includes a summary of our mutual understanding and expectations between you and others within the ECIDA and Freed Maxick CPAs, P.C. (FM), an analysis of key audit risks, our audit strategy and responses to identified audit risks, the reporting and audit timetable and other matters of relevance to the Finance & Audit Committee Members. Discussion of our plan with you ensures our FM engagement team members fully understand your concerns and that we agree on mutual needs and expectations to provide the highest level of service quality. We believe our approach is designed to achieving those outcomes.

If you have any questions regarding this plan please contact Laura Landers or Kathryn Barrett at (716) 847-2651.

Very truly yours,

*Freed Maxick CPAs, P.C.*



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# Engagement Management Team

The following individuals have been assigned to lead and manage the ECIDA's audit engagement for 2020. All are available to management and the Finance Committee Members at any time.

Name	Role	Email	Telephone
Laura Landers, MPA, CPA Engagement Director	Engagement relationship and ensure a smooth transition	Laura.Landers@freedmaxick.com	(716) 847-2651
Kathryn Barrett, CPA Engagement Director	Coordination of oversight of audit services	Kathryn.Barrett@freedmaxick.com	(716) 847-2651
Patrick Clancy, CPA Technical Director	Engagement technical director	Patrick.Clancy@freedmaxick.com	(716) 847-2651
Nicole Ryan, CPA Engagement Manager	Day-to-day management of the operations of single audit services	Nicole.Ryan@freedmaxick.com	(716) 847-2651
Matthew Strauss, CPA Engagement Supervisor	Day-to-day supervision of staff during audit field work	Matthew.Strauss@freedmaxick.com	(716) 847-2651

# Understanding Your Needs and Expectations

To provide an effective and efficient audit, we wish to discuss and agree with the ECIDA on our mutual needs and expectations. A summary of our understanding of what has been agreed to is set out below:

Needs and expectations	FM Response
<i>Maintain consistency of directors and managers on the ECIDA's service team and meet reporting deadlines</i>	We strive to maintain top management consistency. Any significant changes would be discussed with the ECIDA. As a result, management will have multiple points of consistent FM contact with whom they can communicate. Further, we will continue to use formal and regular face-to-face communications with management and the audit team to ensure all reporting deadlines are met.
<i>Avoid surprises. Communicate accounting and auditing issues on a timely basis and work with management to ensure appropriate resolution</i>	We will continue to notify management as audit issues are identified and will continue to hold weekly update meetings throughout fieldwork. Upon completion of our procedures, we will conduct a formal exit meeting with management to discuss our findings and results.
<i>Upfront planning and coordination; early concurrence on key estimates and judgments; early substantive tests performed at interim to reduce burden on year-end fieldwork</i>	We have proposed a detailed audit timetable that has been discussed with and agreed to by management. This timetable lays out timing during which these key activities will occur.
<i>Timely resolution to issues and responses to questions; empowered, responsive engagement team who are readily accessible</i>	Our core engagement management team has been structured to allow for proactive, timely responsiveness and service. We work closely with all local resources and decision makers to ensure timely resolution to issues that arise.

# Reporting Timetable

## Reporting/deliverables:

Your FM team works on the engagement throughout the year to provide the ECIDA with timely, responsive service. Below are the dates you can expect our audit reports and related deliverables.

Audit Stage	Completed by:
Fieldwork – Interim (including tests of internal controls) – Year-end (completed on or before, but not later than)	January 8, 2021 February 19, 2021
Issuance of draft independent auditor’s opinion on financial statements (completed on or before, but not later than)	March 19, 2021
Issuance of final financial statements, required communications and presentation to the Finance & Audit Committee (completed on or before, but not later than)	March 31, 2021

# Audit Objectives

Our audit of the ECIDA is directed toward delivering assurance to three key stakeholders:



- Independent audit opinions and other reports that add credibility to financial information released by the ECIDA.



- Assistance to ECIDA's Finance & Audit Committee Members discharging their governance and compliance responsibilities.



- Observations and advice on financial reporting and business issues from experienced professionals who have in-depth understanding of your organization and industry. We also share experience on industry best practice issues

# Developments Affecting Your Business & Financial Reporting

Based upon discussions with management, prior experience with and our understanding of the ECIDA, we have identified the following recent developments affecting your business and our audit approach. Our audit strategy has been developed to give consideration to the impact of these factors on your financial accounting reporting environment.

## **Business Operations**

- Complexities of the ECIDA's financial management and reporting;
- Relationship and transactions with Erie County, affiliates and Buffalo Urban Development Corporation;
- Risk management activities / internal control efforts;
- Compliance with legislative and environmental requirements; and
- Cyber Security Issues
- Establishment of the CARES Act Revolving Loan Fund – ECIDA is the recipient of the Grant Funds and the funds were passed through to RDC as a subrecipient

## **Financial Reporting and Auditing Developments**

- GASB 87- *Leases* - effective 2022.
- GASB 91 – Conduit Debt Obligations - 2022
- GASB 94 – Public-Private and Public-Public Partnerships and Availability for Payment Arrangements - 2023

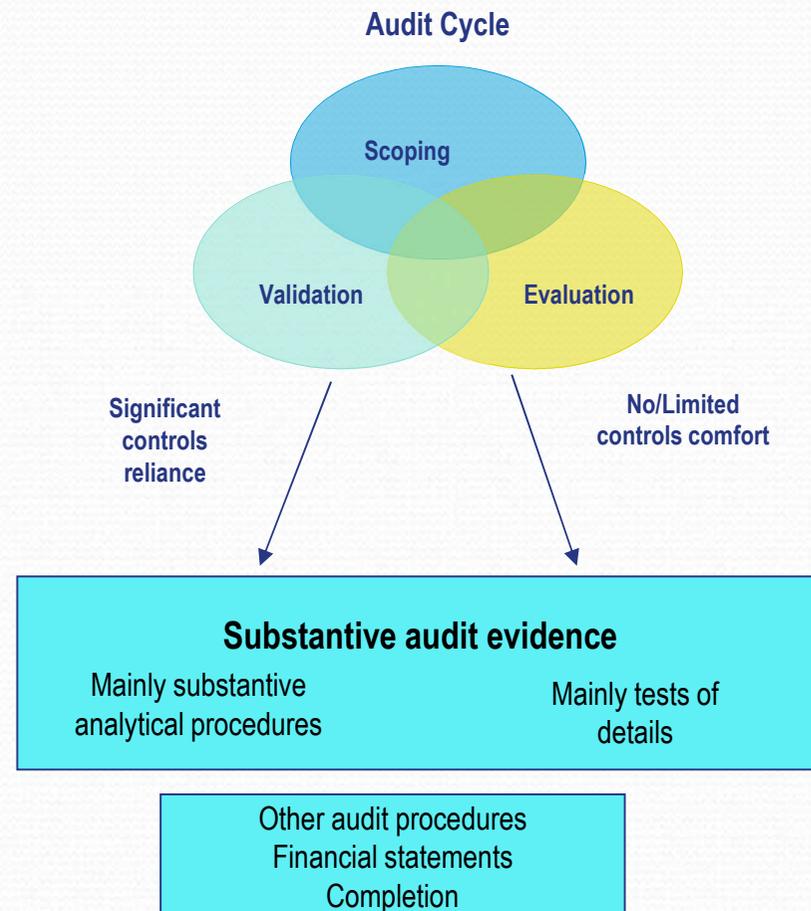
# Audit Strategy Overview

The FM audit process is based on the following principles and practices:

- A thorough and detailed understanding of the ECIDA's operations and its related financial risks;
- Gathering much of our audit evidence through a process of inquiry, observation and testing which evaluates how your internal controls address the risks identified and whether assertions about control effectiveness can be supported by verifiable evidence (i.e. documentation, re-performance, etc.);
- Periodically evaluating our progress to date and assessing the extent to which we need to further support the audit work done with additional substantive audit procedures and evidence;
- Communicate regularly with management to avoid surprises, resolve identified issues and share best practices.

## Annual Client Continuance Assessment Process

Update Understanding of business, market and financial performance



# Audit Risk Assessment & Approach

Based on the FM engagement team’s prior experience of the ECIDA and, review of the prior years financial statements, we have identified the following risk areas that will require particular attention during the course of our audit of the ECIDA:

Audit Risk Areas	Audit Approach
<i>Financial statement presentation and disclosures</i>	Review accounting and disclosures for appropriateness, transparency and consistency with the ECIDA’s policies, as well as for newly issued authoritative literature.
<i>Cash, cash equivalents and investments</i>	Confirm balances. Test reconciliations. Review collateral. Validate market or alternative valuation of investments. Review for impairments. Review contracts and agreements for accounting and disclosure implications.
<i>Accounts receivable</i>	Obtain understanding of management’s estimation process. Validate period-end receivable balances. Perform detailed tests on outstanding accounts. Confirm a sample of receivables. Review and test development of reserves for allowance for doubtful accounts. Perform substantive analytics.
<i>Land, land held for sale, buildings and general assets.</i>	Verify significant additions and deletions. Review value of land held for sale including acquisitions and sales. Review for reasonableness depreciation expense and other related costs. Review for potential impairments.

## Audit Risk Assessment & Approach (cont.)

<b>Audit Risk Areas</b>	<b>Audit Approach</b>
<i>Accounts payable/Other liabilities</i>	Obtain understanding of management's estimation process. Test accounts payable and other liabilities reconciling items, if any. Perform search for unrecorded liabilities to test the ECIDA's year-end cut-off procedures. Review attorney responses and minutes for contingent liabilities.
<i>Conduit debt and funds held on behalf of others.</i>	Obtain debt amortization schedules. Obtain understanding of purpose of borrowing, review of significant covenants & status. Trace and agree amounts from amortization schedules to current years payments. Review additions and reductions in funds held on behalf of others by the IDA. Recalculate interest expenditure and accrued interest for reasonableness.
<i>Net Position</i>	Determine opening balances are properly stated. Examine documentation for any direct adjustments to equity accounts. Review restricted net position for proper classification and utilization.

## Audit Risk Assessment & Approach (cont.)

Audit Risk Areas	Audit Approach
<i>Revenues</i>	Review prior year to current year actual results for significant fluctuations. Perform analytical procedures and review of administrative, loan and rental income. Confirmation of significant revenues if deemed appropriate.
<i>Expenses</i>	Perform tests of controls over disbursements in order to reduce substantive testing related to expenses. Review current year to prior year actual results for significant fluctuations. Perform analytical procedures.
<i>Litigation, compliance and contingencies</i>	Confirm understanding of legal and compliance matters through inquiry and legal confirmation letters and review of ECIDA minutes. Review compliance programs and results.
<i>Fraud</i>	Identify balances, transactions and other elements susceptible to fraud. Assess risk and gauge management's awareness and responses to identified risks. Test, as appropriate, journal entries, source documentation and other transactions for indicators of fraud. Include in audit planning an element of "surprise" in our audit substantive testing plan (i.e. testing of random transactions, small balances, etc.).