

AUDIT COMMITTEE
APRIL 9, 2018

Present: Bill Holgate, Bonnie Percy, Tim Cutler, Doug Paddock, Tim Dennis, Elden Morrison, Nonie Flynn, Terry Button, Connie Hayes, Luke Malecki, Dresher & Malecki, and Erica Handley, Dresher & Malecki.

Mr. Malecki reviewed the products of the audit which contain basic financial statements, management letter, auditor's communication, and NYS Department of Transportation report.

Mr. Malecki stated when the Treasurer receives the final audit package there will be 3 opinions given. The first one will be the opinion on the financial statements themselves. Mr. Malecki anticipates that the opinion will be an unmodified opinion. In other words, based on the results of their testing, they were able to gain enough reasonable assurance that the financial statements present the picture of the county at 12/31/17 fairly and the activity leading up to that date. It is a clean opinion. This used to be called an unqualified opinion and now it is called unmodified.

The second opinion is what Mr. Malecki refers to as a Yellow Book opinion or GAS opinion. GAS stands for Government Auditing Standards. As a municipality the County is subject to the Yellow Book and the Yellow Book outlines certain requirements that auditors have to gain over internal controls as they relate to the financial statements. Internal Controls as they relate to the financial statements would be any items that are getting pushed into the system and any items coming out, the cash receipts procedures, bank reconciliation procedures, and journal entry procedures. Mr. Malecki explained that they test a sample of transactions during the course of the year, so that they can gain confidence in the numbers as they are reported. Should anything come to their attention during those tests, it would warrant what is called a significant deficiency. This is a combination of internal control deficiencies that should be afforded the attention of the legislature. Additionally the significant deficiency could cause a material mistake on the financial statements, it then gets escalated to a material weakness. No significant deficiencies were discovered.

The third opinion is on the single audit. Because the County receive Federal awards, the Federal Government takes all the County's awards into one big basket and identifies whether or not it is a risky area or not a risky area. There is criteria for that. Dresher & Malecki develops their risk assessment to determine which programs to test. This year the Child Care Development Block Grant, Social Service Block Grant and Medicaid Cluster were chosen. No items within that testing came to attention to warrant a Federal Award Finding. So, that is a clean opinion as well on the single audit.

Mr. Malecki reviewed the General Fund, Revenues and Transfers In vs. Expenditures and Transfers Out which showed that expenditure stayed the same as 2016 and the revenue increased by \$3,078,309. The increase is due to:

- unexpected revenues such as sales tax and occupancy tax,
- approximately \$500,000 in savings due to unspent Contingency Funds and

- another approximate \$1.1 million in savings from unspent funds in Education and Economic Assistance and Opportunity. This is mainly due to the fact that the County has to budget for the worse case scenario.

The General Fund Balance showed unassigned funds increased \$2,711,180 over 2016 and the Non-spendable/Restricted/Other Assignments increased \$367,129 over 2016.

Meeting adjourned at 12:15 p.m.