

**HUDSON RIVER-BLACK RIVER REGULATING DISTRICT
AUDIT COMMITTEE MEETING MINUTES**

Sacandaga Field Office Conference Room
737 Bunker Hill Road
Mayfield, NY 12117
May 12, 2020

Committee Chair Albert Hayes called the meeting to order at 10:02 A.M.

PLEDGE OF ALLEGIANCE

ROLL CALL

Video Feed: Committee Chair Albert J. Hayes, Committee Members Jeffrey Rosenthal; Richard Bird & Kenneth DeWitt; Board Chairman as Ex Officio Committee Member Mark M. Finkle; Executive Director John C. Callaghan; General Counsel Robert P. Leslie; Chief Engineer Robert S. Foltan; Chief Fiscal Officer Timothy Maniccia; Area Administrator John Hodgson; and Compliance Officer Stephanie Ruzycky.

MOTION TO ADOPT COMMITTEE MEETING AGENDA

Mr. Hayes asked for a motion to adopt the meeting agenda. Mr. Rosenthal so moved. Mr. DeWitt seconded. The Board approved the motion by unanimous vote.

APPROVAL OF THE DECEMBER 10, 2019 AUDIT COMMITTEE MEETING MINUTES

Mr. Hayes asked for a motion to approve the December 10, 2019 Audit Committee meeting minutes. Mr. Rosenthal moved to approve the Minutes of the Committee's December 10, 2019 meeting. Mr. DeWitt seconded. The Committee approved the motion by unanimous vote.

COMMITTEE BUSINESS

- a. New Business
 - i. Motion to advance to the full Board & recommend the Board adopt a resolution authorizing the Executive Director to exercise the one (1) year option to perform audit services for fiscal year ending June 30, 2020 contemplated in contract C012019 with Galleros Robinson - Mr. Maniccia

Committee Chair Hayes asked Mr. Maniccia to present the resolution. Mr. Maniccia reported that consistent with the District's goal to consider MWBE firms for open discretionary contracts, the District engaged Galleros Robinson Certified Accountants, LLP (Galleros Robinson) in May 2019. Resolution 19-25-05 authorized the initial audit services agreement and further authorized the Regulating District to extend the audit services agreement for one additional year. Mr. Maniccia noted that, to date, Galleros Robinson has satisfactorily completed the independent audit for fiscal year ending June 30, 2019 in a satisfactory manner and recommended the Regulating District exercise the one year option. He noted that Galleros Robinson has agreed to perform the audit for the year ending June 30, 2020 at an amount not to exceed \$24,885.

Committee Chair Hayes asked for a motion. Mr. Rosenthal moved to approve and advance to the full Board the resolution authorizing the Executive Director to exercise the one (1) year option to perform audit services for fiscal year ending June 30, 2020 contemplated in contract C012019 with Galleros Robinson. Mr. DeWitt seconded and the Board approved the motion by unanimous vote.

ii. Discussion of Fiscal Year 2016-17 Audited Financial Statements – Mr. Maniccia

Mr. Maniccia noted that Hudson River-Black River Regulating District filed its copy of the Fiscal Year 2016-17 audited financial statements in accordance with this statute in November 2017. Upon recent review, it appears that Note 6 of that audit (found on page 27 of that report), which describes the health care benefits that the District provides to its retirees, includes a transcription error. The Net OPEB (Other Post-Employment Benefits) obligation on June 30, 2017 is understated by \$887,397. It should be \$9,866,657. This figure is important because accounting rules for state and local governments promulgated by the Government Accounting Standards Board require this figure to be included as a Liability on the entity's Balance Sheet (found on page 9 of that report). Increasing this Liability increases the District's Total Liabilities for 2016-17 by an equivalent amount (from \$10,005,966 to \$10,893,903). It also means that the District's Total Net Position at the end of 2016-17 would become more negative (from \$1,099,967 to \$1,987,364). Unfortunately, this error runs through all the subsequent audited financial statements the District has issued since 2016-17. As a result, the District's Total Net Position for 2018-19, previously reported as (\$3,020,471), is actually (\$3,907,868).

ADJOURNMENT

There being no further business to come before the Audit Committee, Mr. Rosenthal moved to adjourn the meeting. Mr. DeWitt seconded it. The motion was unanimously approved. The committee meeting adjourned at 10:08 A.M.

Respectfully submitted,

Robert P. Leslie
Secretary

Mark M. Finkle
Chairman