

**SARATOGA COUNTY CAPITAL RESOURCE CORP.**

**February 9, 2021**

**Audit Committee**

**Meeting Minutes**

Via Conference Call:

**Members Present:** Chairman Arthur Johnson, Mark Hillman, Valerie Muratori, Anita Daly (ex officio),

**Staff & Guests Present:** Raymond O’Conor, CEO; Lori Eddy, administrative secretary.

**Absent:** Jeff Reale, CFO.

Audit Committee Chairman Johnson called the meeting to order at 3:00 p.m.

**Auditor’s Letter: January 25, 2021**

Chairman Johnson stated the first agenda item is the Auditor’s Letter dated January 25, 2021. Mr. O’Conor stated Mr. Reale had a conflict today. There is nothing unusual in the Auditor’s findings this year. The Auditor noted he didn’t encounter any significant difficulties in dealing with management in terms of performing and completing the audit. It was also noted there were no adjustments to the financial statements and they reported that no disagreements arose during the course of their audit. Mr. O’Conor asked if anyone had any questions about the Auditor’s Letter. Chairman Johnson stated his only comment is it said it was very good. There were no particular findings or concerns about the accuracy of our financial reports. Chairman Johnson asked if any of the Audit Committee members had any questions. Mr. Johnson asked if we are recommending to the full Board our approval or acceptance. Mr. O’Conor stated yes, if the Audit Committee approves the Auditor’s Report, the Report on Internal Controls and the Investment Report it makes a recommendation that the Board approve those items as well.

**Internal Controls Report:**

Chairman Johnson stated the next item is the Internal Control Report. Mr. O’Conor stated the Report on Internal Controls is to establish whether or not there were any deficiencies or significant deficiencies in Internal Controls over the organization’s finances. The auditor noted they did not identify any deficiencies in Internal Controls over financial reporting that are considered to be material weaknesses. Under Compliance and Other Matters, it was noted that the results of their tests disclose no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards in regard to internal control. Mr. O’Conor asked if there were any questions regarding Internal Controls.

Mr. O’Conor stated that in the auditor’s opinion, the financial statements present fairly in all material respects the financial position of SCCRC as of December 31, 2020 and 2019 and that the information is fairly stated in all material respects in relation to the financial statements as a whole. At the end of 2020, we had assets of \$507,439, a combination of cash, certificates of deposit and accrued interest receivable. Our revenues consisted of administrative fees, which is the Skidmore transaction in October when we collected a \$55,000 underwriting fee plus \$500 application fee. The other source of revenue for the year was interest income. Total revenues were just under \$64,000. Under that you can see the various expenses that we had for the year. We had a deficit of just over \$39,000. Our net assets declined from \$546,917 down to \$507,439. On page seven there is a summary of our certificates of deposit. As you look at the rates on those you will see a couple of them at .2%. Because of the pandemic and resulting recession, interest rates plunged. Ms. Muratori questioned how frequently do those roll over? Mr. O’Conor stated we have two of them coming due in the next couple of months and what he plans to do is sweep that money into our checking account and wait until rates improve, which might be quite some

time. The Federal Reserve is talking about maintaining close to zero interest rates through at least 2022, maybe into 2023 depending upon how the economy responds once we get back to normal, whatever normal is these days. Mr. O’Conor continued with the schedule of indebtedness. Hudson Headwaters paid off the bonds issued in 2015. We finished 2020 with almost \$139,000,000 in bonds outstanding. Mr. O’Conor asked if anyone had any questions on the financial report. The Committee members did not have any questions.

**Investment Report, 2020:**

The Auditor’s Investment Report states that our assets are in our municipal checking account and certificates of deposit. The Investment Report notes we are in compliance with the Comptroller’s regulations and that all of our deposits are either FDIC insured or collateralized. Mr. Hillman asked if we can invest a portion in the market. Mr. O’Conor stated the State Comptroller’s Office dictates what types of investments municipalities can participate in. We are limited to either FDIC insured bank accounts or certain types of securities that are deemed to be very safe such as municipal bonds, treasury notes, bonds and bills and other debt issues that are guaranteed by the full faith and credit of the U.S. The rates in those securities are very low. There were no further questions.

Chairman Johnson asked for a motion to approve the Report on Internal Controls, the Audit Report and the Investment Report. Mr. Hillman made a motion to approve the reports as presented, seconded by Mr. Veitch. There was no further discussion. All Audit Committee members voted in favor.

**Audit Charter Review:**

Mr. O’Conor stated he and Mr. Reale have not seen any issuances from the Authorities Budget Office or the Comptroller’s Office about necessary changes to the Audit Charter.

Mr. O’Conor stated the last item is the engagement of the independent auditor. He and Mr. Reale recommend that we continue with Cusack & Company. Chairman Johnson asked about their fee for the coming year. Mr. O’Conor stated he hasn’t received their formal proposal yet. The fee for the 2020 Audit was \$3,600. For 2019 it was \$3,500. I assume any increase will be modest. If that is not the case, we will discuss it.

Chairman Johnson asked for a motion to approve the engagement of the independent auditor, Cusack & Company. Ms. Muratori made a motion to approve the engagement and it was seconded by Mr. Hillman. There was no further discussion. All Audit Committee members voted in favor.

Chairman Johnson asked if there was any further business to become before the Audit Committee. There being no further business to discuss, Chairman Johnson asked for a motion to adjourn. Mr. Veitch made a motion to adjourn the meeting, seconded by Mr. Hillman. All Audit Committee members voted in favor and the meeting was adjourned.

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Secretary

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Date