



MINUTES
AUDIT COMMITTEE
Thursday, March 26, 2026 – 12:00 PM
Warneck Pump Station
James W. Wright Conference Room
23557 NYS Rt 37, Watertown, New York

Committee Members Present:

Mary Doheny, Chairperson
Nancy Henry*
Dennis Mastascusa
Brian McGrath*

Committee Members Absent:

Other Board Members Present:

Alex MacKinnon
Eric Virkler

*Attended via videoconferencing

Staff Present:

Carl Farone, Executive Director
Jennifer Staples, Chief Financial Officer
Dawn Loudon, Comptroller
Steve Bohmer, Director of Information Technology
Angela Marra, Executive Assistant
Tonya Watson, Administrative Associate

Guests:

Thomas Smith, EFPR

1. The meeting was called to order by M. Doheny at 12:01 PM.
2. A roll call was completed, and a quorum of the committee was established.
3. M. Doheny turned the meeting over to J. Staples who introduced Thomas Smith, a partner from EFPR to present the FY26 Audit Plan to the Audit Committee. J. Staples reminded the members of the Audit Committee that they have an oversight role and can request EFPR to place additional focus on specific areas of concern, directing EFPR to address higher risks or sensitive areas if they so wish. She then turned the meeting over to T. Smith to present his Audit Plan for FY26.

T. Smith began the presentation with a review of the agenda for this meeting, to include the engagement team and the procedures they will be performing. The main audit team includes himself, Doug Zimmerman as Quality Control Partner, and Ethan Yotter as

Engagement Senior who have each been involved in the audit for the past three years. Sharing those involved for three years also shows they will have continuity going forward, and there will be more people on the engagement team, including third party service providers to fulfill the MWBE and SDVOB New York State requirements as requested within the Authority contract. He continued with a review of the anticipated timeline for when they will begin certain procedures, and when they expect to meet with the Audit Committee and the Board. He further explained that they anticipate receiving information from Authority staff very soon, beginning with the confirmation process, and they plan to get started on the audit at that time.

T. Smith continued by explaining the financial reports they will be issuing. The financial statements will be the main focus, but because we are part of a government entity, we will need to follow the governmental accounting standards which also means there is a report on any internal control matters that come up or any non-compliance with laws or regulations. There will be a single audit and the threshold for received federal awards has increased this year from \$750,000 to \$1 million. A compliance audit will be done to ensure the Authority is following all federal regulations related to those federal awards. There is also an investment audit in accordance with New York State laws ensuring the investment policy is correct and following state laws, and that all internal controls and operations behind those investments are operating effectively. The last item is an Agreed Upon Procedures (AUP) on the Regional Waterline Capital and Operating Reserve Fund Analysis.

He continued with an overview of the scope and objectives of the audit, beginning with the financial statements. This will include the Management's Discussion and Analysis (MD&A), which will look significantly different next year due to a new accounting standard, GASB 105, but they will work closely with Authority management to ensure it is implemented properly. The other major items will be the single audit, performing the compliance audit over federal awards, and issuing those related reports.

Next, Thomas reviewed the audit procedures explaining how they begin with internal controls to ensure they have an understanding of all main controls. They focus on cash receipts, cash disbursements, payroll, and if certain items come up, they may look into other areas. Being the third year that they have done this audit they have everything documented, but will pay close attention to make sure there have been no changes. Compliance is another main area of focus where they will review for compliance with local and state laws to ensure the Authority is operating effectively. Other services they will provide are assisting with the preparation of the GAAP formatted financial statements and schedule of federal awards, and footnotes. They have been working with J. Staples and D. Loudon on GASB 87 and 96 regarding leases and subscriptions, and were able to already complete this for FY26. They will also file the Data Collection Form that goes to the federal government as part of the single audit to fulfill those requirements.

He explained the auditors' responsibilities for the audit and financial statements will be done in accordance with Government Auditing Standards, or Yellow Book. They are responsible for planning their audit to ensure the financial statements are free from errors, fraudulent activity, and misappropriation of assets, while identifying areas they believe to be particularly risky. Two items considered for every audit, because they are the easiest

places to have an error in the financial statement, are management override of controls and improper revenue recognition.

T. Smith concluded with covering the AUP (Agreed Upon Procedure) report being conducted in accordance with the AICPA (American Institute of Certified Public Accountants) and all professional requirements. He further explained that an AUP isn't the highest level of assurance as an audit, it is not designed to find all errors or all fraud, but it is an assurance-type engagement and will be conducted while they are onsite for the audit.

At this point T. Smith opened the meeting up to the committee to see if there were any questions, concerns or anything the committee wanted reviewed in more detail. He also noted that his and Mr. Zimmerman's contact information was included within the presentation in case anyone would like to get in touch with them at any time.

M. Doheny asked staff to step out, allowing for the committee to discuss any questions or concerns at this time.

M. Doheny had a question for T. Smith before J. Staples and staff left the room. She asked how firm the June 18 meeting date is due to the tremendous pressure in regards to timing, or should we keep that date flexible. T. Smith responded that they will definitely be done by that date, and confirmed that the previous year's draft was also issued in early June to give some reassurance.

M. Doheny asked if any committees members know of any conflicts now, and stated that A. Marra will conduct the usual quorum calls.

T. Smith confirmed that the revised draft was sent out by June 11th of last year, reconfirming that June 18th is feasible. M. Doheny stated that we will tentatively target that date with the usual call around to ensure everyone can attend.

E. Virkler shared that through Lewis County he has worked with EFPR and T. Smith for six years. In reference to one of T. Smith's comments today regarding staff consistency, E. Virkler shared that the Lewis County audit has been great with T. Smith being involved for a long time and Jeff, the manager, being involved for eight years. Additionally, E. Virkler further stated that speaking to their timing of completion, since COVID when they had to work remotely, they now do the majority of the work off-site, and then come on-site as needed allowing them to complete the audit very efficiently.

J. Staples also stated that they usually exceed the provided dates, if they say something is going to happen June 3rd she can count on it being completed a couple days before that.

A. MacKinnon stated that he will not be available on the 25th of June as he will be camping south of Chenango near Binghamton. Depending on how strong the signal is there, everything in the camper should work to attend remotely.

B. McGrath asked if we are holding the 18th for the Audit Committee meeting, and the 25th for the Board meeting. M. Doheny and C. Farone both responded yes.

4. Upon a motion by D. Mastascusa, and seconded by B. McGrath, the Audit Committee meeting was adjourned at 12:15 PM.

Respectfully submitted:

Mary Reidy Doheny
Chairperson, Audit Committee