

TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY

**Finance & Audit Committee Meeting
Agenda**

**December 7, 2018 – 9:00 am
Agency Offices, 4287 Main Street**

1. Roll Call of Members
2. Reading and Approval of Minutes
3. New Business
 - a. Extension of Audit Services Contract – Bonadio Group
4. Adjournment

TOWN OF AMHERST INDUSTRIAL DEVELOPMENT AGENCY
Minutes of the Finance & Audit Committee Meeting
October 5, 2018 – 8:30 AM
Agency Office, 4287 Main Street

Audit & Finance Committee:	Michael R. Szukala Philip S. Meyer Hon. Timothy R. Drury
Guests:	Steven D. Sanders David S. Mingoia, Executive Director

Mr. Szukala opened the meeting at 8:38 AM and requested a motion to approve the previous meeting's minutes. Mr. Meyer made motion, which was seconded by Mr. Drury and carried unanimously.

Mr. Mingoia provided an overview of the budget, starting with a historical analyses of AIDA revenues and expenses over the past 18 years. He continued with a project prospectus for the coming year formed the basis of the forecasted revenue for 2019. If project volume increases and is projected to remain consistent, Mr. Mingoia suggested that it may be time to consider additional staff. After discussion, it was agreed that the Board would continue to monitor this situation.

Mr. Szukala noted that his review did not indicate that anything was out of ordinary in the proposed budget and that it is in line with the current budget. Mr. Sanders suggested that we decrease Litigation by \$5,000 and move that amount to the marketing line. Mr. Mingoia suggested that we produce a balanced budget. Mr. Sanders suggested that the revenue excess also be moved to the marketing line. Mr. Szukala made a motion to approve these revisions and forward the draft budget to the Town Board for review. The motion was seconded by Mr. Meyer and carried unanimously.

Mr. Drury made a motion to end the meeting at 9:04, seconded by Mr. Szukala and carried unanimously.



Proposal to Provide Professional Auditing Services November 2018

Submitted to:
Mr. David Mingoia
Amherst Industrial Development Agency
4287 Main Street
Amherst, NY 1426

Submitted by:
Randall R. Shepard, CPA
Justin N. Reid, CPA, CHFP, Partner
The Bonadio Group
100 Corporate Parkway, Suite 200
Amherst, NY 14226
Phone: 716-250-6600



THE BONADIO GROUP
CPAs, Consultants & More

November 21, 2018

Mr. David Mingoia
Amherst Industrial Development Agency
4287 Main Street
Amherst, New York 14226

Dear Dave:

As requested, this letter is to inform you of our proposed fees for the Amherst Industrial Development Agency's (the Agency) and Town of Amherst Development Corporation's (the Corporation) 2018, 2019, and 2020 audit engagements, as well as an option for 2 one-year extensions for 2021 and 2022. For purposes of this discussion, the "audit engagement" includes the Agency's financial statement audit, as well as the Development Corporation's financial statement audit and tax filings.

Based on historical experience with your organization, our professional experience, and the anticipated time required to complete the audit and reporting requirements, our fee estimates for the audit engagements for the following years ending December 31 are:

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Agency	\$ 7,750	\$ 7,900	\$ 8,050
Development Corp	<u>3,775</u>	<u>3,875</u>	<u>3,975</u>
Total	<u>\$ 11,525</u>	<u>\$ 11,775</u>	<u>\$ 12,025</u>

These fees are based on the current scope of services and requirements of the auditing profession. To the extent there are changes in either the scope of services requested, or in the regulations under which we operate, we will discuss these changes with you and arrive at a new fee estimate, if appropriate.

Increases for years 2021 and 2022 would be as follows:

	<u>2021</u>	<u>2022</u>
Agency	\$ 8,200	\$ 8,350
Development Corp	<u>4,075</u>	<u>4,175</u>
Total	<u>\$ 12,275</u>	<u>\$ 12,525</u>

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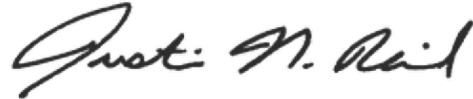
Amherst IDA and Development Corp
November 21, 2018
Page 2

We are available to discuss this in further detail at your convenience and look forward to the opportunity to continue to work with you and the Agency in the coming years. If you have any questions, please do not hesitate to contact me.

Very truly yours,
BONADIO & CO., LLP



Randy Shepard
Partner



Justin Reid
Partner

ACKNOWLEDGMENT:

I agree to engage Bonadio & Co., LLP to perform the audit of the Agency and Development Corporation as of and for the years ending December 31, 2018, 2019 and 2020, as well as the option years 2021 and 2022 under the terms and conditions above, subject to execution of an engagement letter on an annual basis.

Signature

Date

Background and Understanding

The Agency seeks a public accounting firm to provide audit and tax services. Bonadio is pleased to have the opportunity to continue to provide those services.

Based on our extensive experience in providing accounting and consulting services to hundreds of tax-exempt organizations, we have developed an understanding of your issues and needs, including:

- Personalized and responsive service.
- Increased interaction with our most experienced personnel, i.e., partners and managers.
- Completion of services in a timely and cost effective manner.
- Maximizing value for fees paid.

Overall, our objectives are to:
(1) demonstrate our depth of experience and capabilities;
(2) affirm our ability to provide audit and tax services; and
(3) provide the resources and expertise to help you achieve your objectives.

We are particularly sensitive to your needs to maintain the highest possible quality of services and deliverables, yet we understand that cost is an issue. Our proposal has been organized to show you that we can deliver the highest quality and a diverse scope of services at reasonable rates.

The foundation of our success in serving you will be a function of our standards of quality and responsiveness; the scope, breadth, and integration of services we can deliver; and the combination of management and staff expertise we bring. It is these attributes that differentiate us from other firms. Ultimately, we want you to view us as a business asset, not an overhead cost.

Our Approach

Our approach is designed to provide you with timely, efficient, high quality service at a reasonable cost.

In order to accomplish these objectives, we emphasize effective planning on each engagement. Planning includes: (1) review of prior year workpapers and financial statements, and any issues that may be pending related to accounting or financial reporting matters; (2) review of current year interim results of operations; (3) review of changes in information systems and processing routines, and (4) performance of interim audit procedures to reduce time at year-end. This information is discussed with you in advance and used as a basis to target our work to high-risk areas.

It also allows us to identify issues at the beginning of our work, prior to year-end. This approach provides the opportunity for the Agency to address issues, if necessary, while action is still possible.

Based on the results of our planning, we provide you with a list of information (account reconciliations and analysis) that will be required in order to effectively complete the audit. This is done before fieldwork begins to give you sufficient time to gather the information.

As a result of our work with other healthcare providers, we have significant experience auditing organizations that are funded by an array of federal and State agencies, as well as other third-party funders. Our knowledge, however, extends beyond traditional audit work, as we have also worked with our clients to prepare and/or analyze CFR cost reports, review service documentation, and prepare benchmark information for management use purposes. Bonadio's overall audit approach will be to focus our audit efforts on the most significant and material areas, and adherence to internal control policies and procedures.

Our objective, of course, is to develop sufficient evidential matter to support our opinion without becoming too granular and directing audit activities on insignificant or immaterial accounts.

Our Approach (Continued)

After a significant investment, Bonadio has implemented systems and procedures, which make efficient use of technology as part of the audit process. Our paperless audit environment (ProSystems Fx Engagement) allows us to use information you provide in electronic form to minimize the time and cost associated with you having to provide us with paper copies of the data and support we need for our audit documentation. In addition, this process maximizes efficiency by allowing us to share information with our clients over a secure network. This use of technology in the audit process saves our clients and us time, money, and resources and allows us to focus on your specific business concerns and objectives. We also subscribe to on-line research tools to provide us real-time access to accounting pronouncements, professional standards, and regulatory information related to audit, accounting, regulatory, and tax matters.

With respect to your information systems, we incorporate into our audit approach procedures to obtain an understanding of your use of various systems and the related controls around them, whether they relate to general ledger, financial accounting, or other areas. Depending on our assessment of the level of risk in each audit area, our conclusions as to reliance on your systems, and other audit procedures we may employ (confirmations, for example), we may use data extraction software applications to audit items processed by your various systems.

Overview of Our Audit Approach

Perform General Planning and Identify Areas of Audit Significance

- Establish client service and other planning objectives
- Update our understanding of your business and industry
- Perform overall assessment of the control environment
- Make preliminary judgments regarding materiality
- Determine significant accounts or groups of accounts
- Identify the sources of information that affect these accounts
- Prepare the audit planning memorandum
- Determine appropriate timing for performing each phase of the audit

Understand and Evaluate the Significant Sources of Information

- Identify the significant information and data processes
- Gain an understanding of the processes
- Consider what could go wrong (i.e., the types of errors)
- Identify and evaluate the relevant controls

Perform Risk Assessments

- Assess the likelihood of errors of audit significance in related accounts

Develop and Execute Audit Plan

- Develop the audit approach, including timing and scope of work for each significant account or group of accounts
- Prepare programs for tests of controls and substantive tests
- Perform tests of the relevant controls
- Perform substantive tests of account balances
- Make final evaluations based on the results of the tests

Section 1 – Qualifications and Experience of the Firm, Partner and Staff

Partner, Manager and Supervisory Staff Qualifications and Experience

In order to promote efficient service delivery, Bonadio proposes to have Justin Reid lead the engagement and serve as the audit partner. He will be assisted by Randy Shepard, advisory partner, and Kristen Clark, the quality control review partner.

More detailed biographies are included in the Appendix.

Your Bonadio Team

Justin Reid, CPA, CHFP

Role:
Engagement Partner



Duties:

Justin is responsible for supervising the fieldwork performed by our team. Justin will also serve as a key liaison for our on-site field staff and me as it relates to job scheduling and coordination.

He is also the signing partner which means that he is ultimately responsible for the technical matters and all deliverables. In this way, Justin is the sole point of contact to ensure the consistent and timely delivery of every aspect of this account. All members of the team report to him.

Randy Shepard, CPA

Role:
Advisory Partner



Duties:

Randy is responsible for the overall engagement relationship. Having served as Engagement Partner in the past, Randy's knowledge will assist the Engagement Team as needed.

Kristen Clark, CPA

Role:
Quality Control Partner



Duties:

Kristen will be responsible for the second partner review and assisting as necessary on technical matters as they arise. Kristen and the entire Professional Excellence Division are critical resources for all of our engagement teams as matters arise. This allows matters to be resolved timely and accurately, and they are also available to meet with you as necessary.

Overview of The Bonadio Group
The Nation's 40th Largest CPA Firm

11 locations

Albany	New York City
Batavia	Rochester
Buffalo	Syracuse
Dallas, TX	Utica
East Aurora	Rutland, VT
Geneva	
Approximately 750 employees	
More than \$100 million/year in firm revenues	
160 partners/principals	
115 managers	

Client Types & Services

Who We Serve:	Services:
Foundations	Accounting & Auditing
Colleges and Universities	Business Advisory
Public Authorities	Healthcare Consulting
Governments	IT Consulting
Healthcare	Outsourced quality control function
Individuals	Outsourced training
Labor	Peer reviews
Privately-Held Businesses	Risk Management
Private School K-12	Tax Planning & Preparation
Public Companies	
Small Businesses	
Tax-Exempt Entities	

Bonadio was founded in 1978 (**40 years of providing auditing/tax services**) and has grown to be the largest independent provider of accounting, business advisory and financial services in Upstate New York. Bonadio now currently employs over 750 personnel, including a **tax-exempt client service group consisting of approximately 150 personnel**. Our Buffalo office personnel complement is approximately 150 personnel.

We serve organizations that desire quality professional accounting services at a reasonable cost and who need personalized and timely services. Bonadio provides an environment where creative, people-oriented professionals practice accounting without some of the constraints inherent in giant national public accounting firms or small CPA offices. We believe that our size is a reflection of the outstanding service level we provide to all our clients. It is this combination that has made us successful and is responsible for our growth.

We provide highly technical and quality service commensurate with that of the national certified public accounting firms. However, we are able to respond quickly and personally to the needs of our clients because we are structured to service our clients in this way. You will interact regularly with our most experienced personnel, i.e. partners, principals, and managers.

We believe our firm has a unique combination of technical ability, relevant experience, and a commitment to service that makes us the best firm for this important engagement. We will provide you with creative, capable people who are dedicated to developing meaningful planning and business suggestions while maintaining an open communicative style to meet your needs.

Bonadio has grown and diversified from a firm offering only public accounting and auditing services to a multi-dimensional accounting, business advisory, and financial services organization.

- **A Top 100 CPA Firm in the U.S. by *Public Accounting Report* and *Inside Public Accounting*.**
 - **Ranked 40th in 2017 by *Accounting Today's Top 100 Firms***
- **A Top 4 “Best Firm to Work for” in the category of large (over 250 people) firms**
- **Identified by *Practical Accountant* as a CPA Innovative Firm.**
- **Named by *Accounting & Financial Women’s Alliance (AFWA)* and the *American Women’s Society of Certified Public Accountants (AWSCPA)* as a Best Accounting Firm for Women.**



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A Professional Accounting Corporation

Report on the Firm's System of Quality Control

To the Partners of
Bonadio & Co., LLP
and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Bonadio & Co., LLP (the firm) applicable to engagements not subject to PCAOB inspection in effect for the year ended April 30, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under Single Audit Act; audits of employee benefit plans, audit performed under FDICIA, and examinations of service organizations [SOC 1 and SOC 2 engagements].

As part of our peer review, we considered reviews by regulatory entities as communicated to the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Bonadio & Co., LLP applicable to engagements not subject to PCAOB inspection in effect for the year ended April 30, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Bonadio & Co., LLP has received a peer review rating of *pass*.

Postlethwaite & Netterville

Baton Rouge, Louisiana
October 30, 2017