

MINUTES of the AUDIT COMMITTEE MEETING of the ERIE COUNTY WATER AUTHORITY held in the office, 350 Ellicott Square Building, Buffalo, New York, on the 2nd day of October, 2014.

PRESENT: Francis G. Warthling, Chairman
Earl L. Jann, Jr., Vice Chairman
Jerome D. Schad, Treasurer
Matthew J. Baudo, Secretary to the Authority/Personnel Director
Robert F. Gaylord, Executive Director
Robert J. Lichtenthal, Jr., Deputy Director
Karen A. Prendergast, Comptroller
Susan L. Rinaldo, Cash Manager

ATTENDEES: Sara Dayton, Lumsden McCormick
Donna Gonser, Lumsden McCormick
John Schiavone, Lumsden McCormick
Ron Soluri, FreedMaxick
Laura Landers, FreedMaxick
Michelle Sullivan, FreedMaxick
Tom Malecki, Drescher & Malecki
Luke Malecki, Drescher & Malecki
Matthew Montalbo, Drescher & Malecki

CALL TO ORDER

PLEDGE TO THE FLAG

I. - ROLL CALL

II. - READING OF MINUTES

Motion by Mr. Jann seconded by Mr. Schad and carried to waive the reading of the Minutes of the Audit Committee Meeting held on Thursday, September 18, 2014.

III. - APPROVAL OF MINUTES

Motion by Mr. Jann seconded by Mr. Schad and carried to approve the Minutes of the Audit Committee Meeting held on Thursday, September 18, 2014.

IV. - REPORTS (See "Report" Minutes for Details)

- A) SECRETARY/PERSONNEL
- B) LEGAL
- C) FISCAL
- D) OPERATIONS
- E) HUMAN RESOURCES


V. - COMMUNICATIONS AND BILLS**VI. - UNFINISHED BUSINESS (NONE)****VII. - NEW BUSINESS****A. Independent Auditor Interviews**

The Audit Committee held interviews for Audit Services. The firms interviewed were Lumsden & McCormick, FreedMaxick and Drescher & Malecki. Handouts were distributed by Lumsden & McCormick and FreedMaxick. Each firm gave an overview of their firm, discussing key points of their services and why they should be selected along with questions from the Commissioners. Discussions were held by the staff and Audit Committee after the interviews. Senior Finance Department staff gave their input and recommendations.

Motion by Mr. Warthling seconded by Mr. Schad that the Audit Committee recommend awarding the Audit Services contract to Drescher & Malecki. The motion carried with Commissioners Warthling and Schad in the affirmative and Commissioner Jann opposed.

VIII. - ADJOURNMENT

Motion by Mr. Jann, seconded by Mr. Schad and carried that the meeting adjourn.


Matthew J. Baudo
Secretary to the Authority

TF

10/02/14



Proposal Presentation to Provide Auditing Services to
ERIE COUNTY WATER AUTHORITY

Lumsden 
McCormick
CERTIFIED PUBLIC ACCOUNTANTS

10/02/14

COMPREHENSIVE | PROACTIVE | ACCESSIBLE

ABOUT US

Core Engagement Team Members



Sara M. Dayton
Engagement Partner



John P. Schiavone
Coordinating Partner



Donna M. Gonser
Quality Control Partner










Christa L. Linsey
Engagement Manager



Seth Hannard
CAFR Specialist

Firm Overview

-  60+ year history as a premier accounting, tax and consulting firm
-  13 partners • 95 professional staff • 25 members of government services team
-  Relationships and quality client service form the foundation of our core values
-  Regional firm operating predominantly in New York State
-  National and local resources
-  BDO Alliance USA Member Firm
-  Peer review report 2012 - passed (*highest distinction available*)

EXPERTISE and EXPERIENCE

COMMITMENT TO GOVERNMENTAL SECTOR	PUBLIC AUTHORITY GOVERNMENTAL EXPERIENCE
<ul style="list-style-type: none"> • Dedicated Governmental Services Team with 15/25 • AICPA Governmental Audit Quality Center • AICPA Employee Benefit Plan Audit Quality Center • Government Finance Officers' Association • NACAA Government Accounting & Auditing Committee • NY Public Accounting Accountability Act of 2010 • Central Review Committee for the Certificate of Achievement for Excellence in Financial Reporting Program • Annual Earnest Conference 	<ul style="list-style-type: none"> • Over 100 years of public authority experience • Buffalo for Buffalo (BFB) Public Authority • Niagara Frontier Transportation Authority • Capital District Transportation Authority and Commuter • Erie County Industrial Development Agency and Affiliates • Niagara County Industrial Development Agency and Affiliates • NYS Energy Research and Development Authority • Governmental Services • Municipalities • Educational Institutions

CLIENT SERVICE DELIVERY

WHAT YOU CAN CONTINUE TO EXPECT	AUDIT APPROACH	DISTINGUISHING FEATURES
<ul style="list-style-type: none"> Personnel experienced in providing services to NY's public authorities Partners and managers maintain field presence Quality, timely service Exempt organizations industry leaders Expertise in CASE compliance (new and mature parties) Continuous communication <ul style="list-style-type: none"> Newsletters and alerts Annual exempt conference Continuing professional education Year-round personal attention 	<ul style="list-style-type: none"> Emphasis on planning to minimize disruption Continuity of experienced personnel Annual assessment to maintain "fresh look" Thorough understanding of industry and operations "Auditing the business" approach Consideration of internal control and technology systems <ul style="list-style-type: none"> Revenue and billing system Capital assets Tax exempt bonds Over or postemployment benefits Customized procedures to address identified risks CASE review and oversight Maximum efficiency, information, and transparency Address issues immediately, no surprises History of meeting all deadlines 	<ul style="list-style-type: none"> Continuity of auditors already familiar with Authority Significant experience with large NY State Public Authorities Global resources <ul style="list-style-type: none"> 800 alliance USA Special Review Committee for CASE Proactive, efficient audit approach Emphasis on communication Client professional development assistance Local expertise and industry knowledge Value added recommendations


ALL INCLUSIVE PRICE*

 Fair and competitive investment for specialized services

 Difference in fee estimates generally reflect unequal levels of service

 History of honoring all-inclusive price

 Includes continuous communication and advice throughout year

 Fees for matters requiring research or specific consulting skills will be discussed in advance of providing services

	Hours	Rate	Price
Partner	40	\$ 200	\$ 8,000
Manager	90	\$ 137	12,000
Senior	120	\$ 92	11,000
Staff	100	\$ 60	6,000
December 31, 2014	390		\$ 37,000

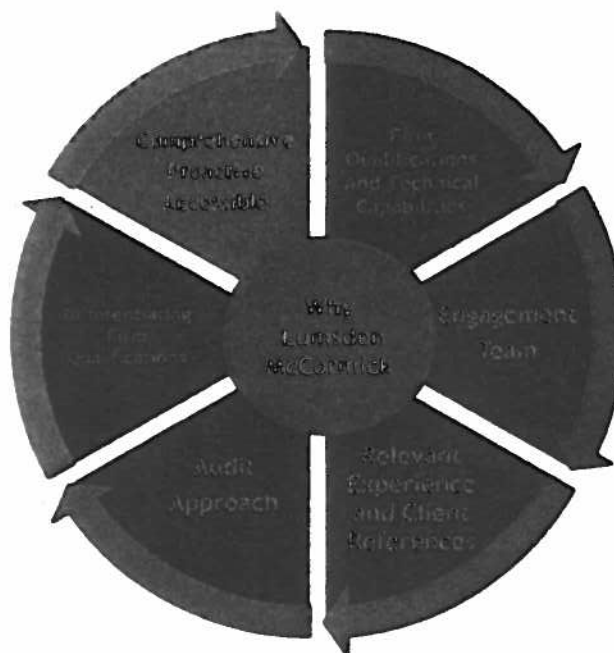
*Years subsequent to 2014 represent an annual cost of living adjustment of approximately 2%

Why Lumsden McCormick

As one of New York State's premier accounting firms, Lumsden McCormick offers a comprehensive menu of services, combined with dedicated niche expertise, to address all client needs. With over ninety employees, we service organizations of all types and sizes throughout New York State and beyond.

Our proactive approach guarantees year-round personal attention and timely dissemination of information related to industry or regulatory changes, as well as inclusion in various Firm-sponsored conferences.

We are proud to provide unprecedented accessibility to all service team members; partners are actively involved in all client matters and maintain a strong field presence on engagements. Our size affords us the ability to deliver unparalleled expertise and continuity on engagements, as well as deliver timely, quality services without interruption.



OCTOBER 2014

Trust earned.
 **FreedMaxick**

Professional services discussion



With you today

With you today, we're committed to providing the best water treatment solutions for your business.

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Firm profile

- An independent member firm of the Chartered Accountants and Certified Public Accountants of Ontario
- Over 30 years of experience in providing audit, tax, and consulting services to public and private sector clients
- A highly qualified staff of professionals
- The 10th largest CPA firm in the U.S.
- Dedicated Governmental Practice

Regional Firm based in the Greater Toronto Area
Regional Office in the City of Toronto

Member of the Governmental Practice Group
North America (2014-2015)



Selected client listing

CITIES

- City of Richmond
- City of Guelph
- City of Mississauga

COUNTRIES

- Grenada, Guyana

PUBLIC AUTHORITIES & OTHER ENTITIES

- City of Guelph Municipal Office Building Agency
- York County Road Services Authority
- Erie County of Middlesex Corporation
- Hamilton Board of Public Works
- Township of Council of York Region
- Rochester Economic Development Corporation
- Hamilton County Industrial Development Agency

TOWNS

- Town of Elizabethtown
- Town of Oakville
- Town of North York
- Town of Oshawa
- Town of Leamington
- Town of Stouffville

SCHOOL DISTRICTS

- Toronto City School District
- Board of Education of York Region
- York Regional School District
- York Regional School District
- York Region School District
- York Region School District
- York Region School District
- York Region School District

VILLAGES

- Village of Aurora
- Village of Brampton
- Village of Cambridge
- Village of East Aurora
- Village of Etobicoke
- Village of Leamington
- Village of Markham
- Village of Mississauga
- Village of Oakville
- Village of Richmond Hill
- Village of Stouffville
- Village of Thornhill
- Village of Vaughan
- Village of Woodbridge

Agenda

- Introductions
- About Freed Maxick
- Our understanding of your needs
 1. Conducting an examination of our financial affairs for each of the fiscal years ending December 31, 2014, 2015 and 2016 with the purpose of expressing an opinion on the Authority's Financial Statements.
 2. Reviewing the Authority's accounting and internal control system and making recommendations for improvement
 3. Providing advice and consultation on Authority financial matters as requested by management of the Authority
 4. Providing any services required should the Authority issue new debt or refinance existing debt during the engagement period
- Confirmation of the selection process

Why Freed Maxick?

OUR QUALIFICATIONS

- Experience in your industry
- Our understanding of your needs
- Local team with national resources, as needed
- Leading edge technology
- Broad range of consulting abilities

OUR COMMITMENT TO DELIVERING VALUE

- Communication / regular contact throughout the year
- Commitment to meeting deadlines
- Innovation and best practices
- Erie County Water Authority will be a key client for our Governmental Practice
- Proactive service
- Client involvement in training
 - Invite to classes held
 - Shared literature

OUR PEOPLE

- Director / Manager involvement
- Collaborative approach
- Staffing quality and continuity
- Commitment to community involvement

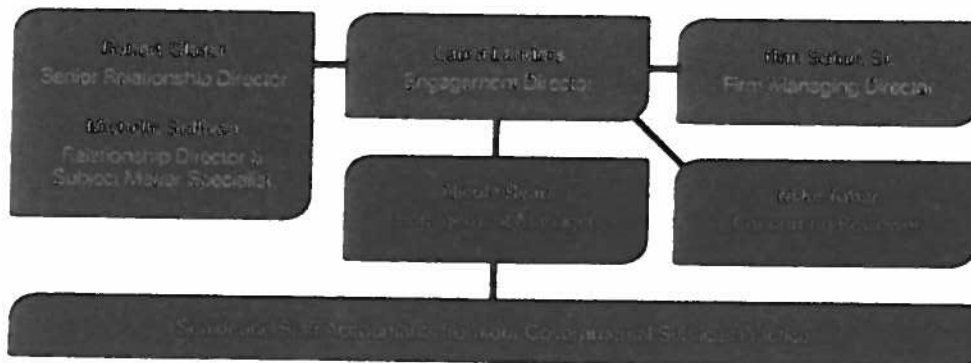
Seamless transition

The transition plan emphasizes close coordination with management, and is intended to be performed in a succinct time period. The transition will be accomplished through meetings and discussions with your staff and with your predecessor auditor. The transition will be performed by engagement team members who understand the industry. We have experienced professionals throughout our Governmental Practice who will serve as resources during our planning and transition efforts to ensure the orderly transition of the Erie County Water Authority audit engagement to our Firm.



Engagement team

Our engagement plan is to serve the Authority with a mix of three to four individuals from our Governmental Services Practice. Laura Landers will serve as the engagement's overall director. Laura has over 20 years in public accounting in the governmental services industry. Bob Glaser will serve as the senior relationship director. Bob formerly served as the Chairman of the Erie County Fiscal Stability Authority and has extensive expertise with Authority operations. Mike Tobor will serve as a technical director and concurring reviewer. Nicole Ryan will be responsible for oversight of the audit services provided to the Authority and will be responsible for the day-to-day operations. Our senior and staff accountants may be assigned in such a way that will maximize staff continuity throughout the engagement. If there is a significant change in the composition of your engagement team, we will inform you immediately and discuss the replacement with you.



Traditional audit approach	Our value-added approach
Focus on audit & accounting issues	Focus on supporting ECWAs plan and helping manage your strategic risks
Assurance focused on compliance accounting standards, and various regulations	Consulting focused on process improvement
Focus on existing policies and procedures	Focus on creating value for key stakeholders
Restricted by functional lines	Process focused across functions
Investigators	Facilitators
Substantive audit approach	Focus on significant risks, and key cycles
Reactive	Proactive agent of change

Governmental services

As a public authority in New York State, you face many unique issues. You deal with a sensitive political environment and must comply with many state and federal regulations including the New York State Authority Budget Office and the Public Authority Accountability Act. As an accounting firm dedicated to servicing governmental organizations, Freed Maxick CPAs PC., has created a Governmental Practice.

Our Governmental Practice is comprised of professionals who understand the unique environment within which governmental organizations operate and the compliance issues they face. All members of our Governmental Practice are experienced in audits in accordance with Government Auditing Standards, the provisions of the Single Audit Act Amendments of 1998, and OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations.

Freed Maxick has a very strong reputation for providing quality services to a wide range of governmental organizations including authorities, counties, cities, BOCES, school districts, cooperative municipal organizations and local governments' organizations.

SOME OF THE SERVICES WE OFFER INCLUDE

- Audit services
- Single audit and compliance audit services
- Accounting, bookkeeping and reporting assistance
- Internal control evaluations
- Budget planning and management
- Fund balance planning and management
- Cash management
- Evaluation and calculation of incurred but not reported liabilities
- Performance of special agreed-upon procedures
- Development and implementation of profit enhancement strategies
- Consulting services

We specialize in addressing the concerns specific to authorities operating in accordance with the New York State Authority Budget Office and will customize solutions to meet your individual needs. We firmly believe that we are our clients' most trusted business advisor and take a personal interest in your organization's successes and challenges.

