

Preserving the environment through integrated recovery and disposal.

**JOINT FINANCE COMMITTEE/AUDIT COMMITTEE  
MEETING MINUTES  
MAY 11, 2020**

**Committee/Board Members Present:** Harry Hertline, Treasurer; Vincent Bono, Finance Committee and Audit Committee Vice Chairman; Neil Angell, and Ken Long, Board Chairman

**Guests:** William Rabbia, Executive Director; Joseph Artessa, Comptroller; and Brendan Kennedy (Partner BST & Co.)

The May 11, 2020 joint Finance Committee/Audit Committee video conference meeting began at 3:00 PM.

The Finance/Audit Committee first reviewed the Accounts Receivable Analysis. This report outlined haulers/companies in the 30, 60, 90 and 120-day categories. The total due is \$435,252 for these four categories with \$206,225 of the total in 30 days. A discussion ensued regarding overall receivable collections. The Authority continues to work with haulers who fall behind in their payments to the Authority. The Authority assesses a 1% finance charge on all past due accounts and will consider all avenues available to collect outstanding monies.

Comptroller Artessa then presented the 2020 First Quarter Financial Report. The Authority's operating surplus was \$2,053,816 for the quarter ended March 31, 2020. This is an increase of \$1,711,982 from 2019 first quarter. The increase in operating surplus is related to the level of local development projects such as the Downtown Hospital, Rome Cable clean-up, and the Nexus Center. Authority revenues were \$7,006,240 and expenses were \$4,952,424 for the quarter. The Authority's material tonnages were 114,799 tons received verses 60,411 for the first quarter of 2019. The Board reviewed several charts that outlined revenues by source, tonnages, and the financial activity of the City of Utica solid waste fund and the five Villages solid waste funds.

Next, Executive Director Rabbia mentioned there were no sole source purchases in the first quarter of 2020.

Mr. Artessa then presented the GASB 75 actuarial report for 2020. The GASB 75 report is a calculation done each year for post-retirement benefits offered by the Authority. The Board has fully reserved this liability through previous action. The GASB 75 liability went from \$2,387,667 in 2019 to \$2,378,044 in 2020.

Mr. Rabbia then discussed the effects of COVID-19 on the system. He reviewed various safety measure the Authority took related to employees and customers. All Authority facilities, since deemed essential, continued to operate while implementing safety measures. Financially, the effects thus far have been minimal. The Authority has seen a slight constriction in commercial waste tonnage which in the most part has been offset by an increase in residential trash and large development project tonnage that continued into April. Recycling markets have seen an uptick due to supply and demand changes related to the pandemic.

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**BOARD OF DIRECTORS**

Kenneth A. Long  
*Chairman*

Harry A. Hertline  
*Treasurer*

James M. D'Onofrio

Nancy A. Novak

William A. Rabbia  
*Executive Director*

Vincent J. Bono  
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Page 2

Source separated organics tonnage has remained stagnant since restaurants, schools and other large institutions remain closed. Mr. Rabbia stressed that it is still too early to tell the full effects of COVID-19.

Mr. Artessa then discussed the Auditor RFP schedule. BST & Co. has just completed the final year of a two-year extension exercised in 2018. Messrs. Rabbia and Artessa will utilize the Audit Committee to finalize the RFP and review the responses. A recommendation for the next audit firm will be made at the September 2020 Board meeting.

Brendan Kennedy from the Authority's independent auditor, BST & Co., then presented the 2019 audit.

Mr. Kennedy reviewed the Independent Auditor's Report and provided a power point presentation. The first pages reflect the following:

- a) Year two of a two-year engagement.
- b) Planning for the audit commenced in January 2020.
- c) Field work conducted in February 2020.
- d) Independent Auditor Report is the work of the audit firm.
- e) May 2020 will commence Agreed Upon Procedures Report for the City of Utica Solid Waste Fund.

Next, Mr. Kennedy highlighted that the Authority received an unmodified opinion on the financial statements otherwise known as a clean opinion. There were no internal control or compliance findings, and the Authority received an unmodified opinion on compliance with rate covenants.

There were no changes in 2019 regarding significant estimates. There were no audit or uncorrected adjustments. Also, there were no issues or difficulties with management.

Mr. Kennedy presented the following 2019 financial highlights:

- a) Net position increase of \$5.5 million.
- b) The Authority has used excess revenues from budget to defease debt early and accelerate capital acquisitions.
- c) The Authority has diversified its revenue stream and experienced an increase in waste tonnages which helped to offset weakness in recycling markets.
- d) Operating expenses saw a slight trend upwards in 2019.

Mr. Kennedy then illustrated the Authority's financial performance in comparison to those of its peers. The conclusion is the Authority's financial performance is exceeding its peers.

Messrs. Rabbia and Artessa excused themselves at 4:00 PM so that the Committees could further discuss the audit privately with Mr. Kennedy.

The joint meeting ended at 4:15 PM.

Meeting Minutes Prepared by:

Joseph M. Artessa  
Comptroller