



Chautauqua, Cattaraugus, Allegany & Steuben Counties

Southern Tier Extension Railroad Authority

Center for Regional Excellence, 4039 Route 219, Suite 200, Salamanca, New York 14779
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John Margeson, Chairman

STERA AUDIT COMMITTEE MEETING MINUTES

October 17, 2011

The Audit Committee of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority gathered to meet at 9:00 AM on October 17, 2011 in the office of the Southern Tier West Regional Planning and Development Board in the Center for Regional Excellence, 4039 Route 219, Suite 200, Salamanca, New York. The following persons were in attendance:

Committee Members In Attendance

Michael Brisky
James Griffin, Committee Chairman

Representing

Cattaraugus County
Steuben County

Committee Members Not In Attendance

Jay Gould
Vacancy

Representing

Chautauqua County
Allegany County

Others Attending

Richard Zink
Kelly Dawson

Representing

STERA CEO and CFO/Treasurer

1. Call to Order and Introduction of Those Present

Chairman Griffin called the meeting to order at 9:00 AM. It was noted that there wasn't a quorum for purposes of holding a formal meeting. The members present agreed to meet informally, taking no actions, and report their discussions out to the Board.

2. Minutes of Previous Meetings

The Committee members present indicated that they would review the minutes of the June 20, 2011 meeting at the next meeting.

3. Special Meeting

Chairman Griffin indicated that he felt that the Audit Committee should hold a special meeting before the next Board meeting, possibly on November 14, and that the agenda for that special meeting should contain discussion on the following topics:

- **His recommendation that the Treasurer be a Board member.** Mr. Griffin indicated that a recent revision to the PARA indicates that the CFO can be a Board member.
- **His recommendation that STERA revise the Audit Committee Charter.** Mr. Griffin indicated that the current Audit Committee Charter is too onerous, places too many duties on the Audit Committee, and has resulted in a situation in which the Audit Committee is not complying with its performance obligations per its charter.

- **His recommendation that STERA revise the Current Internal Control Procedures.** Mr. Griffin indicated that he felt that the current procedures should be revised further.

4. Review of Bank Statements and Interim Financial Statements For the Period Ending September 30, 2011

At its June 20, 2011 meeting, the Audit Committee indicated that it wished to make revisions in the internal control procedure as it related to the development and approval of interim financial statements, and it recommended to the Board that it adopt an amended procedure under which STERA would engage an external accountant to review bank statements and internally prepared financial statements before they were presented to the Audit Committee for review. Mr. Griffin had indicated that the Audit Committee would meet with the accountant in advance of the STERA Board meetings.

The Committee noted that an alternative to using an external accountant for the review of internally prepared interim financial statements before review by the Audit Committee is that the audit services contract be revised to also include review by the auditor of bank statements and interim financial statements as time passes during the audit year as part of the audit process; the Audit Committee then could use this review, which would be done as part of the audit process and simplify the auditor's year-end audit process, as part of its internal control procedure for reviewing internally prepared interim financial statements before review by the Board. The Committee and Ms. Dawson agreed to set up a revised set of internal control procedures.

Mr. Zink made a presentation of the September 30, 2011 interim financial statements. The members of the Audit Committee present reviewed the financial statements for the period ending September 30, 2011 and indicated that they had no issues with them that they would communicate to the Board.

Unfinished Business

5. Audit Committee Charter Revision

Mr. Griffin noted that the Audit Committee wished to re-review its recently revised charter and make recommendations to the STERA Board for further revision. This would be part of the agenda at the special meeting.

6. Other Unfinished Business

None

New Business

7. Review of Proposed 2012 Budget and Four Year Financial Plan

The members of the Committee present reviewed draft proposed 2012 Budget and a Four Year Financial Plan for 2012 to 2015, and indicated that they had issues with them that they would communicate them to the Board.

8. Other New Business

None.

9. Public Comment

There was no public comment.

10. Next Meeting Date and Agenda for Next Meeting

Mr. Griffin noted that the Audit Committee would hold a special meeting, tentatively scheduled for November 14, but which would be confirmed at a later date, to discuss matters as indicated earlier in the meeting.

11. Adjournment

The informal Audit Committee gathering adjourned at 9:40 AM.

I certify that this is an accurate summary of the meeting of the Audit Committee of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority held on the date indicated above.

Name:

Office:

Date: