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CITY OF YONKERS  
INDUSTRIAL DEVELOPMENT AGENCY

AUDIT COMMITTEE MEETING

March 19, 2014

8:30 a.m.

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- PRESENT: CECILE SINGER, CHAIRPERSON  
ROBERT MACCARIOLO, Member  
MARTIN BALL, SR., Member(Absent)  
KEN JENKINS, IDA President, CEO(Telephone)  
MELVINA CARTER, City of Yonkers  
PATRICK SERENSON, Accountant.  
DEEPIKA MEHRA, IDA CEO  
JAIME MCGILL, IDA  
CHARLIE MANGIARACINA, O'Conner Davies  
ROBERT DANIELE, O' Connor Davies

LYNN FARRELL-MILEO  
830 Bronx River Road  
Bronxville, NY 10708  
914-776-1318

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2 MS. SINGER: I call the meeting of the  
3 IDA Audit Committee to order. Roll call?

4 MS. MEHRA: Cecile Singer.

5 MS. SINGER: Here

6 MS. MEHRA: Robert Maccarielo?

7 MR MACCARIOLO: Here.

8 MS. MEHRA: Martin Ball is excused. We  
9 have a quorum. Let the record reflect that  
10 Charles Mangiaracina and Robert Daniele are  
11 present.

12 MS. SINGER: Can we please look at the  
13 minutes. Are there any omissions or deletions,  
14 no additions or corrections? May I have a motion  
15 to accept the minutes as submitted?

16 MR. MACCARIOLO: Motion.

17 MS. SINGER: Second.

18 MS. SINGER: All in favor.

19 (Chorus of Ayes)

20 MS. SINGER: We'll proceed to the  
21 review and discussion of draft audit financial  
22 statements for 2013.

23 MS. CARTER: The third audit is the  
24 financial statement before the internal control  
25 letter.

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2 MS. SINGER: Right. Do you want to  
3 take this audit discussion?

4 MR. DANIELE: Bob, will IDA, I will  
5 YEDC.

6 MR. MANGIARACINA: We have extra  
7 copies, I think you have it in your packet. If  
8 you turn to the first page, the index for the  
9 cover letter, that's our independent auditor's  
10 report. These two pages are what we opine on. I  
11 believe we discussed last year that based on new  
12 clearance standards some of the language changed.  
13 We have issued what's called, the unmodified  
14 opinion. Last year that was referred to as,  
15 unqualified opinion. Either way it's still the  
16 highest level of opinion an entity can proceed.  
17 And the IDA has gotten that. Basically states  
18 your financial statements are in accordance with  
19 auditing standards in the State of New York, as  
20 well as government auditing standards. Second  
21 page of the opinion there's a caption called,  
22 other priorities, basically some required  
23 supplementary information. There is a management  
24 discussion, an analysis, on page three of the  
25 financial statements that's required. That was

1  
2 provided by management, reviewed by us, to make  
3 sure that the numbers coincide with the report  
4 and the financial standards. Also standard of  
5 industry revenue bonds issued. In the back of  
6 this report, again, we applied certain limited  
7 procedures to verify those numbers.

8 We are also going to include, not in  
9 here, two other schedules. There are straight  
10 lease transactions that the IDA has had over the  
11 past year. You were provided with that  
12 information. We will review it and incorporate  
13 it into the report before it's issued, as well as  
14 the payment in lieu of taxes applied in the  
15 schedule. That should have been part of the  
16 supplementary information. We have the  
17 information, we'll review it and incorporate it.

18 MS. CARTER: As a correction, the other  
19 schedule is actually the project, all the  
20 projects, all transactions that were processed.  
21 Each one, not just straight lease. Also going to  
22 reflect any financing or extension of benefits.  
23 So it's just 2013 approved projects.

24 MR. MANGIARACINA: Okay.

25 MS. CARTER: Along with the Pilots.

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2 MR. MANGIARACINA: Also, on that page  
3 you will see other reporting required by  
4 government standards. That's the communication  
5 of the control letters that everyone discussed.  
6 We have gone through the financial statement and  
7 also an opinion for other legal and regulatory  
8 requirements, and as to report on compliance with  
9 the Public Authorities Law, and basically deals  
10 with the investments of the IDA.

11 Page three and four are the MD&A,  
12 again, written by management and reviewed by us.  
13 Basically describes the operations during the  
14 year, any financial highlights. Revenue that was  
15 generated during the year in lieu of new  
16 operations that the IDA, has transactions with  
17 New Main Street Development Corporation's  
18 requirements through the operation of 2013.

19 Page five is your statement of net  
20 position, I will skip that for a minute. Turn  
21 to page six which is your statement of activities  
22 which is what occurred 2013. We have prepared a  
23 number for 2012. If you look at the top, IDA  
24 generated operating revenue, under \$500,000.  
25 Mainly they closed on three projects. Two

1 commercial projects and a housing project. There  
2 are two refundings or refinance that generated  
3 fees, and there was one amended Pilot agreement  
4 that also generated fees. On the expense side,  
5 the expenses in the aggregate were comparable to  
6 the prior year. We have seen some changes in  
7 salaries due to the fact that now the CFO  
8 position moved to the YEDC, and there was, I  
9 believe, Jesus Lopez's salary. Also, on your  
10 payroll tax and employee benefits you expect that  
11 to go down a little bit more than you see here  
12 based on the salaries, however, there were some  
13 rate increases and the pension billing that  
14 brought up the expenses in 2013. Just the other  
15 thing to point out is your rent, the IDA had paid  
16 some prepaid rent and had moved their operations  
17 to the city building so that obligation is  
18 written off in 2013. As far as everything else,  
19 the expenses are consistent. There is an  
20 increase in the advertising line, that was due to  
21 a citywide brochure generated in 2013 not 2012.  
22 Also, some non-operating revenue the IDA  
23 operates, that Workforce Investment Board grant,  
24 cross reimbursement basis, revenue expenses. So  
25

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2           accruals and receivable side, payable side, we'll  
3           discuss in a minute, some interesting dividend  
4           income that was generated. So your net change  
5           for the year was a negative \$178,000. When you  
6           add that to your opening net position of 201,000  
7           you end the year at \$22,000.

8                     Turn back to page five you will see  
9                     that \$22,000 is reported at the bottom of page  
10                    five of your net position.

11                    I am going to walk through the balance  
12                    sheet of the statement. As you can see, your  
13                    assets are down about \$81,000 in the aggregate  
14                    compared to the prior year. Just to give you  
15                    some information, your accounts receivable,  
16                    that's basically the Workforce Investment Board,  
17                    those are accruals that are made that were paid  
18                    subsequent, paid after the year, but related to  
19                    December 31st, accrued back. Your restricted  
20                    cash is based on work performed in Kubasek and  
21                    Post projects. Again, the city is holding that  
22                    money as the work is done. A claim is remitted  
23                    and that money is drawn down to pay for those  
24                    renovations due from the Economic Development  
25                    project, that's the baseball, we got some

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confirmation that money will be paid, so there is no reserve against it, it's included in here. I believe when these projects start happening IDA will receive that money.

MS. SINGER: Baseball project?

MS. CARTER: It's the Cappelli agreement, but it kind of started with the baseball project. It is intended that when that project moves forward that the new developer will provide the IDA with the \$670,000.

MS. SINGER: It won't come in as Yonkers baseball?

MS. CARTER: No, it will come in under the agreement.

MS. SINGER: When you're trying to follow the track it's confusing because of what's happening. We'll have to talk about that.

MR. MANGIARACINA: We call it economic development. In the notes you will see it stresses that the change over, liabilities again, consistent with the prior year with the exception of due to other entities, the offset to their restricted cash for those projects. So, basically, the IDA is the middle person, claims



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2 come in for that work, they release the funds.  
3 So that gets released, as well. Due to other  
4 government or Pilot agreements with the County  
5 IDA, which again, are also disclosed in the  
6 footnotes, and we are working, the IDA is working  
7 toward resolving.

8 MS. SINGER: That's partially County?

9 MS. CARTER: Yes, that's payments that  
10 either the city and/or the IDA is responsible to  
11 pay to the County.

12 MS. SINGER: Still currently in that  
13 regard?

14 MS. CARTER: Yes.

15 MR. MANGIARACINA: As we discussed, the  
16 unrestricted requisitions, \$23,000, I want to  
17 point out if you go to page six the IDA has been  
18 operating with expenses roughly in the 700 to  
19 \$800,000 range. If operating revenues in 2014  
20 don't generate enough surplus to cover those  
21 expenses you may end the year with a negative.  
22 You're down to \$22,000 so that needs to be  
23 carefully looked at.

24 The notes are very detailed,  
25 consistent with last year, with some minor

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changes where need be. But nothing has changed as far as the reporting. Actually, they are very detailed notes. We could also consider minimizing these notes but they are very descriptive. But nothing has changed from the prior year. As we mentioned before, there is supplementary information included on page 17. We'll be expanding those to include Pilot payments and the straight lease transactions, so two additional schedules. And there is also, again, compliance with the Public Authorities Law and opinion.

MS. SINGER: Number four explains the Yonkers baseball?

MR. MANGIARACINA: Correct.

MS. SINGER: Are there any questions in regard to the financial statement? Any comments?

MS. CARTER: I'd just like to make a comment with regard to Item Number Four. There is a sentence at the bottom of the page and it mentions that the termination agreement has not been executed by the Agency, and it was expected to be executed by the end of the first quarter,

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2 so I just had Deepika check that before next  
3 week's meeting before the full Board meets to see  
4 if that changes. As of today the termination  
5 agreement has not been executed. The notes are  
6 correct, Deepika will follow up before next  
7 week's meeting to see if that has changed, just  
8 to see if it changes.

9 MR. DANIELE: Had we presented that  
10 today we would have had to deal with that  
11 change.

12 MS. CARTER: If they sign the document  
13 tomorrow this needs to be changed before the full  
14 Board meets next Wednesday.

15 MS. SINGER: So it's accurate?

16 MS. CARTER: Right. I think that's  
17 pretty much it. Deepika has been working very  
18 closely with the auditors and kept me abreast in  
19 my absence from the Agency of the notes for the  
20 IDA. So I have been working with her to make  
21 sure to the best of our knowledge what's  
22 presented here is accurate, and Pat has been  
23 obviously supportive in that regard. So to the  
24 best of our knowledge we believe this is the  
25 information that covers 2013.

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2 MS. SINGER: If there is no further  
3 discussion, may I have a motion to accept the  
4 financial statements as submitted?

5 MR. MACCARIELLO: Motion.

6 MS. CARTER: It's just you two and  
7 Martin Ball was the other Committee person, he's  
8 not on the phone.

9 MS. SINGER: Alright, so I will second.  
10 Then we have internal control  
11 letter.

12 MR. MANGIARACINA: The internal control  
13 letter, if you turn to page two, I will walk you  
14 through it. Page two we describe your  
15 responsibility under professional standards, and  
16 then there is certain requirements that we go  
17 through. The next phase is the brand, scope and  
18 and time of the audit. We agreed the audit was  
19 going to start in the end of January, those are  
20 all met. We have a draft report here today. We  
21 expect to obviously file this report at the end  
22 of the month. We do have all the legal letters  
23 that we need. All the related party  
24 questionnaires were sent back and we have  
25 management representation. So if this is

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2 accepted it will be filed with the city. There  
3 are other qualitative aspects of significant  
4 accounting policies. Those are all disclosed in  
5 the notes and financial statements. Nothing has  
6 changed from the prior year. There were no  
7 difficulties encountered during the audit. There  
8 were no uncorrected misstatements, meaning that  
9 any entries that were proposed or recorded by  
10 management, there was no disagreement with  
11 management. We requested certain representations  
12 from management. Management representation,  
13 number seven on this report. There were no other  
14 consultations with other accountants, and we  
15 generally discussed business conditions affecting  
16 the IDA. None of these matters or responses were  
17 affected. And we were in accordance with  
18 professional standards. There were no comments  
19 to report. There was something off the record  
20 where just Pat, the accountant for the IDA,  
21 certain entries are made we just wanted to see  
22 that management reviews them and signs off on  
23 them. We didn't put that as a comment because it  
24 was currently happening, but we just want to see  
25 the sign off that someone has reviewed the

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entries that were proposed.

MS. MEHRA I do that, review everything, yes.

MS. SINGER: Review and discussion of the investment report.

MR. MANGIARACINA: Included in the Audit report is the opinion of Section 2935 of the Public Authorities Law. I believe the IDA does have an investment policy required by this act. In the past, I believe the IDA had some certificates of deposit qualified as investments. Those were liquidated, now reported as cash equivalents. Schedule of investments not required because there is no investments reported. The opinion is required because you do need the investment policy but there are no investments to report. That schedule does not need to be included in the packet.

MS. SINGER: Do you have any questions?

MR. MACCARIOLO: No.

MS. SINGER: If there are no questions, can staff just step out.

(Executive Session)

MS. SINGER: I would like to personally

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commend you all with all the different transitions we have had. I want to thank you people, thank Melvina for continuing to work this through and what we are facing a challenging period because of the all the changes and because, Melvina, you have been here for such a long period of time and so I thank you. Pat, you always save the day. So we have a lot of confidence and I hope Melvina you will continue to be a resource as you move forward. Deepika, everybody says you're very responsive and you dig in and I know I had a lot of questions on the notes, you went all the way. Really, I was very pleased with my own interaction too. So I want to thank you.

Is there any further business for the IDA Audit Committee? If not, I will ask for a motion to adjourn.

MR. MACCARIELLO: Motion.

MS. SINGER: Second.

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C E R T I F I C A T I O N .

STATE OF NEW YORK            )  
                                  )  SS.  
COUNTY OF WESTCHESTER    )

I, Lynn Farrell, Court Reporter and Notary Public within and for the County of Westchester, State of New York, do hereby certify:

That I reported the proceedings that are hereinbefore set forth, and that such transcript is a true and accurate record of said proceedings

AND, I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand.

\_\_\_\_\_  
Lynn Farrell