



**Audit Committee Meeting
Minutes
March 21, 2013**

Present Committee Members

Cecile Singer, Chairperson
Michael Baratta, Member

Absent Committee Members

Martin Ball, Sr., Member

Non-Committee Members Present

Melvina M. Carter, Yonkers IDA President, CEO
Jesus A. Lopez, Yonkers IDA CFO
Charles Mangiaracina, O'Connor Davies, LLP
Robert Daniele O' Connor Davies, LLP
Bill Rilley, O'Connor Davies, LLP
Pat Serenson, Accountant

Roll Call

Cecile Singer, Chairperson called the Meeting to order at 8:40 a.m. A roll call was taken. The following Committee Members were noted to be present: Cecile Singer and Michael Baratta. Martin Ball, Sr. was excused. A quorum was established for the conduct of business.

Approval of Minutes for October 15, 2012

Chairperson Singer referenced the first item on the Agenda which was the Approval of Minutes for March 20, 2012. No changes were necessary to the Minutes.

A motion to approve the Minutes for October 15, 2012 was made by Michael Baratta and seconded by Cecile Singer. *Approved 2-0*

Review and Discussion of Draft Audited Financial Statements for 2012, Internal Control 2012 Letter and Investment Report

Charles Mangiaracina, O' Connor Davies, advised that the PowerPoint for each entity IDA and YEDC were almost identical except for the specific items which are unique to that individual agency and drafts were provided of the financial statement dated 12/31/2012 and final copies of the conduct of the audit and management letter to the Committee and they contained no material witnesses.

Bill Riley, O'Connor Davies referenced the PowerPoint presentation and highlighted page 3 which contained the audit status where OD would issue an unmodified opinion on the financials statements. Mr. Riley indicated that unmodified opinion was a term that had been changed from unqualified opinion for better clarity standards but has the same meaning. Mr. Riley added that the financial statements were under quality control for review and passed but still needs the Committee to approve representation letter by the management. Mr. Riley referenced page 4 which identified O'Connor's responsibilities. Mr. Riley added that the responsibilities of the auditors were to form and express an opinion about whether the financial statements are presented fairly. Mr. Riley indicated that the plan was to perform the audit in accordance to professional standard and to obtain reasonable but not absolute assurance that the financial statements are free of fraud and error. In addition, Mr. Riley stated the plan would determine audit procedures but would not express an opinion on internal control statements identified during the audit and correcting the statements to management along with the Audit Committee.

Mr. Riley indicated that the responsibilities include evaluating supplemental information relating to financial statements and report on if the statement whether fair for all materials and communication. Further Mr. Riley stated if significant matters, in O'Connor's professional judgment, related to the audit were identified – like overseeing the financial process, including all significant weaknesses and material differences- during the audit O'Connor would have notified the Audit Committee and. Finally, Mr. Riley added that the audit checks for fraud or illegal acts during the course of the but the audit can not be relied upon to identify all instances of fraud or otherwise.

Robert Daniele, O'Connor Davies, highlighted that on the back of the report there were some supplemental information and O'Connor reviews the numbers to ensure they coincide with the financials as well as the bonds schedule. Mr. Daniele also indicated that there was a note in the opinion that the report intended for the IDA management and the audit committee and should not be used by anyone else for that purpose. Mr. Daniele mentioned that if the IDA decides to use the firm's name in any other documents O'Connor must be given advanced notice

Mr. Daniele referenced page 7, management responsibilities for selecting accounting policies which is then reviewed by O'Connor and deemed them to be appropriate. Mr. Daniele emphasized that management is responsible for establishing and maintaining internal controls over financial recording as well as complying with laws and regulation as well as any other revisions.

Mr. Daniele mentioned that the Audit Committee is responsible for communicating with auditors and observing the financial process. Mr. Daniele added that management and auditors are responsible for setting the proper tone along with maintaining an honest and ethical standard to prevent and deter fraud.

Cecile Singer, Committee Chairperson inquired if O'Connor outlined the management's responsibilities and restrictions and if there were any reference of that and the chairman

of the committee should be notified if there was an issue. Mr. Riley advised that the indication was located on page 5.

Mr. Riley went onto page 8 which was the audit scope and approach for the auditors and reviewed cash, cash equivalent and restricted cash as well as clarified items due from economic development projects and other entities. Mr. Riley stated that the other areas of focus were the other related party transactions, audit procedures under government auditing standard, fraud and illegal acts.

Chairperson Singer inquired if the audit procedures under government's auditing standards have changed. Mr. Mangiaracina advised that in 2012 there was a higher degree of scrutiny that the auditors had to go through in determining whether the independent audit was impaired and a checklist was issued that the auditors had to go through to find out if they must disassociate themselves if the audit was impaired or work around it if there was an independence issue.

Mr. Riley pointed to page 9 and explained the Statements of Net Position assets were down \$2.4 million which was a major decrease in the cash and restricted cash in 2012 with the same effect on the liabilities. Mr. Riley added that net position was down \$547,000 current year loss due to revenue being lower than expenses and the Agency fees were down and there were no management fees between YIDA and YEDC. Mr. Riley indicated that the expenses were cut down in areas such as consulting and professional fees which lowered the line item. CEO Carter noted that decreases in expenses were a direct result of the Agency's awareness that fees were down for the year.

Mr. Daniele referenced page 11 and mentioned the letter and PowerPoint were identical to what was communicated in the engagement letter dated October 27, 2011. Mr. Daniele reviewed the transactions and noted the built-in estimates within the financial statements and management responsibilities indicated what the estimates were. Mr. Daniele added that the disclosures specific to IDA financial statements were outlined in note #3. Mr. Daniele advised that the pension plan summary was located in note 6 and found the notes to the financial statements to be consistent and clear. According to Mr. Daniele, there were no difficulties performing audit which went smoothly.

Chairperson Singer inquired if the notes on page 13 required communications review and if the scope was great enough to look at each transaction. Mr. Riley advised that the auditors do not look at each transaction since it is built into the auditing standards for materiality. Mr. Riley added the financial statements were looked at as a whole and transactions were reviewed on a sample basis with management and determined if they are clear and a reader can comprehend them properly. Chairperson Singer asked if any disagreements were identified during the audit. Mr. Riley replied that no disagreements were found.

Mr. Riley indicated that on page 17 contained the definition of a deficiency and material weakness which have not changed. Mr. Riley added that there were no identified material weakness and or deficiencies. Mr. Riley advised that for informational purposes Exhibit C which was the Management Letter and the IDA was in process of

signing and sending back to O'Connor. Mr. Riley indicated that the legal letter was needed from the IDA general counsel in order to release the audit. CEO Carter indicated that CFO Lopez was in the process of attaining the letter.

A motion was made by Michael Baratta to Approve Review and Discussion of Draft Audited Financial Statements for 2012, Internal Control 2012 Letter and Investment Report. The motion was seconded by Cecile Singer. *Approved 2-0*

Legal Updates

No legal updates

Other Business

No other business was reported

Adjournment

A motion to adjourn was made at 9:18 a.m. unanimously. *Approved 2-0*