



**Yonkers Industrial Development Agency  
Audit Committee Meeting  
March 11, 2009**

**Present-Board Members**

Cecile Singer, Chairperson (Via Conference Call)  
Martin Ball Sr., Member (Via Conference Call)  
Michael Baratta, Member

**Non-Members Present**

Melvina Carter, Yonkers IDA CFO  
Pat Serenson – Accountant  
Frank Granger- Partner of ODMD  
Yaseen Fleefil - Accountant

**Roll Call**

Cecile Singer, Chairperson called the Audit Committee Meeting to order at 8:36 a.m. Roll call was taken. The following Committee Members were noted to be present: Martin Baratta. Chairperson Cecile Singer and Member Martin Ball, Sr. were on conference call. A quorum was established for the conduct of business.

**Approval of Minutes from September 23, 2008 Meeting**

First item on the agenda, which was the review and approval of the minutes of the September 23, 2008 meeting, was announced. Chairperson Singer mentioned that several minor corrections needed to be made and identified each one.

A motion to accept the minutes of the September 23, 2008 as amended motion approved by Martin Ball and seconded by Michael Baratta. *Approved 3-0*

**Review and Discussion of Draft Audited Financial Statements**

Chairperson Singer introduced Frank Granger to speak on the Draft Financial Statements. Mr. Granger began by explaining that the first statements indicate that the net asset the unrestricted cash has a net increase of approximately 500,000 dollars. In accounts receivable is the \$670,000 amount due from Yonkers Baseball Development Corp. which was assumed by Stuever, Fidelco and Capelli and reclassified from economic development projects in 2007 to account receivables in 2008 it accounts for \$670,000; out of that, \$694,701. Restricted cash is the amount received and reserved for the Austin Ave clean up its also reflected as a liability in the same amount. The IDA releases funds as projects progresses and authorizes invoices presented for payment. Due to the other governments includes a total of \$1.2 million dollars at 12/31/07 the current amount was of \$240,000 thousand was due in July of 2008 and \$960,000 was due

over the following four years to Westchester County. The July 2008 payment was not paid at that time but is expected to be paid in March 2009 and \$240,000 is due to be paid in July 2009 will be paid at that time. With current attacks on State wide IDA's and initiatives to reduce your abilities 2009 could be more of a trying year than 2008 they think that that IDA's and the state may have over stepped their duties in granting tax exemptions and waivers in excess of what they should be doing. I don't see how the States will progress at all without the help of the IDA's in getting people to invest in NY States so I think that the report that was given from the state comptroller although it sighted some deficiencies, we didn't see any in there that should affect you financially other than you are able to do what you been doing.

Chairperson Cecile Singer asked Mr. Granger whether he had any suggestions based upon that, Frank said that it is very difficult because you are forecasting what is going to happen years into the future. In affect they will hold you liable for your projections of construction employment and employment after construction. What they want you to do is to renege on the tax exemption that you have given. I do not think that the IDA's should be enforcement agencies. Currently when you report to the state comptroller on your annual report your taking information un-audited from the organization saying that they are employing so many people from so many places. You are not auditors. CFO Melvina Carter said when we collect annual information from all active companies we ask them to certify their information. This means that they sign off saying that the payroll report they provided to us is accurate. We accept their sign off and we take a copy of their end of the year payroll report to justify the number that they submitted regarding how many employees they had at the end of 2008. We try to do our diligence with the limited staff we have when we collect this information from the companies. Are we going in to the companies and taking a head count? No. We do think we get sufficient certification.

Mr. Granger continued with the revenue and stated revenue increased by \$470,000 to \$1.7 million which reflected the continuing activity of IDA and activities in 2008. There are projects in 2009 we have no idea when they will close. On the expense side salaries and benefits increased in 2008 and an additional staff was added during the year. Consultants and professional fees increased due to marketing and additional projects commenced and continued. Net assets increased from 2007 and 2008 by \$330,000 indicating an excess of revenue over expenses for the year so 2008 was a good year that's compared to a \$44,000 loss in 2007. We actually increased\$ 370,000 which is reflected in balance and net asset in the end of the year is now 1, 394,000.

Frank Granger also spoke about some auditors required communication and discussion of risk and managements comments. Mr. Granger explained, we ODMD consider ourselves independent not impaired by any other services provided. ODMD evaluated internal control as part of the audit process. Material account estimates involves allowance for doubtful accounts was zero at 12/31/08 even though it includes the \$670,000 that SFC is obligated to pay when their project goes through according to the Master Plan for the City. In addition, Mr. Granger noted that all recommended adjustments were recorded. However, ODMD did not audit the Bonds outstanding but we try to make sure that the information is complete and we confirm with the banks

that hold the bonds to make sure that the balances are correct that are given to us. The Agency kept up to date at least quarterly, with the bonds outstanding and the activity that took place so at the end of the year there were no surprise addition or deletions from the list we were able to know which banks and where to confirm the balances and the activity. Further, we found no material weaknesses. All comments made in the previous year's management letter were addressed significantly that we had no additional comments to make this year. The controls were so improved that we didn't think that would be any irregularities, frauds, etc.

Chairperson Singer asked Frank Granger if he conducts risk base auditing, areas of highest risk. Mr. Granger explained that they access the areas of highest risk is cash or restricted cash as well as loans and amounts due from and to other governments based on history of such amounts. We want to make sure that we have the same balances as other government agencies that either owes us or we owe them. We want to insure the proper reporting and we confirmed with outside entities of governmental units attorneys, etc. Revenue is susceptible to manipulation and is required to be designated to be high risk and we did so. Salary and related payroll taxes and benefits amount to 35 % of total expenses and therefore we considered them high risk but small staff alleviated this risk.

#### **Review and Discussion of 2008 Management Letter for Approval**

Frank Granger went on to discuss the management letter. He provided the definition for a control deficiency and a significant deficiency. Mr. Granger explained that there is a control deficiency when the design or operation of a control does not allow a management or employees in normal course of performing their assigned function to detect or prevent misstatements on a timely basis. Further, a significant deficiency is a control deficiency or a combination of a control deficiency that adversely affects the entities ability to initiate, authorize, record, or process or report financial data reliably in accordance with generally accepted accounting principals. The auditors found no control deficiencies nor did the auditors find any significant deficiencies.

Chairperson Singer asked Melvina Carter and Pat Serenson to leave the room. When Mrs. Carter and Mr. Serenson returned to the room Chairperson Singer stated everything should be questioned and analyzed. Mrs. Singer also added that it would be ideal that the committee understands why we have \$500,000 in consulting fees this year. Chairperson Singer asked Mrs. Carter for a list of all the contracts and fees for 2008. In addition, Mrs. Singer requested a list of employees, tile, salaries and when they were hired.

#### **Comments from Accountant Pat Serenson with regard to Internal Structure**

Chairperson Singer asked Pat Serenson, the accountant/bookkeeper to make comments about where he feels we could improve our functions, etc. Mr. Serenson stated that it was a good year the staff is helpful. Mr. Serenson pointed out, Laetitia keeps a great set of books and Fiona did a good job on the fixed asset. Pat Serenson highlighted the fact that the staff zeroed in on the last years management letter and addressed everything they requested. Mrs. Singer asked Melvina Carter for any comments. Mrs. Carter added that 2008 was a good year in terms of bringing Laetitia on and getting her started to

work on things that Frank Granger brought to our attention and Pat Serenson has been instrumental in answering our questions and providing us with a lot of information. He has been very helpful in terms of our financials.

Michael Baratta added that in light of the comptroller report and other issues, he feels very comfortable having this meeting and listening to the auditors and accountant. He feels that we are headed in a right path and doing a great job. Martin Ball agreed with Michael and included he is confident the agency is moving in the right direction. Mrs. Singer thanked Pat Serenson and Melvina Carter for good efforts.

Chairperson Singer asked if they were any other comments. Mrs. Singer asked for a Audit Committee Meeting motion to adjourn the meeting, Michael Barratta approved and seconded Martin Ball. **Approved 3-0**

**Adjournment** A motion to adjourn was made at 9:26 a.m. by Michael Baratta and seconded Martin Ball. **Approved 3-0**