



**Minutes of the
Yonkers Industrial Development Agency
Audit Committee Meeting
March 20, 2012**

Present-Board Members

Cecile Singer, Chairperson
Michael Baratta, Member

Absent Members

Martin Ball, Sr., Member

Non-Members Present

Melvina Carter, Yonkers IDA CFO
Pat Serenson – Accountant
Charlie Mangiaracina – O' Connor Davies LLP
Bill Rilley – O' Connor Davies LLP

Roll Call

Cecile Singer, Chairperson called the Audit Committee Meeting to order at 8:05 a.m. 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 of December 21, 2011 Meeting

Chairperson Singer announced the first item on the agenda, which was the review and approval of the minutes of the December 21, 2011 meeting.

A motion was made by Michael Baratta to approve the Minutes of December 21, 2011. The motion was seconded by Cecile Singer. **Approved 2-0**

Review and Discussion of Drafted Audited Financial Statements for 2011, 2011 Internal Control Letter and Investment Report

Charlie Mangiaracina, O'Connor Davies LLP advised that the audit would be guided by Power Point presentation and referenced the drafted 2011 audited financial statements, 2011 internal controls letter and investment report for the Yonkers IDA. Mr. Mangiaracina explained that YEDC would not be presented since the audit was still in process and more notes were needed.

Cecile Singer, Committee Chairperson advised that she would skip to the Management Control Letter for review and discussion. Mr. Mangiaracina stated

that the one page letter was based on items selected for testing and procedures that were performed by O'Connor Davies in order to gain comfort in the financial statements and to not perform an audit of the internal controls structure at the IDA. Mr. Mangiaracina highlighted that there were no material weaknesses which lead to a positive one page Management Control Letter. Chairperson Singer inquired if there were any areas that needed improvement or if there were any concerns. Mr. Mangiaracina indicated that there were no specific areas for concern other than some confusion when it came to YEDC and the transaction that occurred in 2010. Mr. Mangiaracina explained that in 2011 the YEDC books were not set up so transactions that ideally should have gone to YEDC ended up going to IDA books instead. Mr. Mangiaracina concluded that Bill Rilley, O'Connor Davies and Pat Serenson, IDA Accountant went through all of the items that did not belong to IDA and management has advised New York State that there will be a separate reporting for YEDC that will take place post audit.

Mr. Mangiaracina advised that based on procedures that were performed on the IDA financial statements along with O'Connor Davies auditor's reports allowed O'Connor Davies to render unqualified opinion on the statements. Mr. Mangiaracina referenced page 2 which consisted of discussion items, O'Connor Davies conduct of audit process, audit areas, results and the conclusion that was drawn. Mr. Mangiaracina stated that the audit process has not changed dramatically in the past few years since there have been no new audit standards. In addition, Mr. Mangiaracina explained that O'Connor Davies is required to assess and test internal controls in order to comprehend how the Agency operated and to better understand what O'Connor Davies is auditing. Mr. Mangiaracina added that O'Connor Davies observed what the materials, assertions were, and content with the assertions, finally the entire process was then documented. Mr. Mangiaracina went through the financial statements and highlighted that they demonstrated a dramatic increase in 2011 due to some restricted monies that were received.

Bill Rilley, O' Connor Davies referenced page 7 and explained that the savings net assets to the net balance sheet demonstrated changes in approximately \$27,000 decrease from WIB and an estimated \$53,000 increase from Agency fees. Mr. Rilley pointed out that the restricted cash increased significantly to almost \$3 million due to remediation of Austin Avenue Landfill, Larkin, Kubasek and Post Road projects which also increased liabilities. Mr. Rilley continued that the unrestricted net assets were \$366,000 which was considered healthy and the statement of activities operating 2011 revenue increased by approximately \$47,000 due to agency fee increase by \$280,000 and decrease in management fees by \$27,000. Mr. Rilley added that there was a \$167,000 decrease in the Workforce Grant which fluctuates with the program needs and the City of Yonkers. Mr. Rilley moved on to the salaries, payroll taxes and employee benefits which decreased by approximately \$33,000 along with a decrease in agency expenses by approximately \$23,000, a legal increase of \$36,000 and

consulting increase by \$62,000 which concluded as a positive year for the Agency.

Mr. Riley referenced page 9-10, stating that there were no material weaknesses found in the internal controls. Mr. Mangiaracina inquired if anyone had any questions or comments. Chairperson Singer commended the transparency of the notes.

Mr. Mangiaracina concluded the presentation and advised that the auditors are required to have a pre-audit meeting which had taken place and will also have a meeting to discuss the results of the audit. Mr. Mangiaracina added that the IDA Board authorized O'Connor Davies to render an opinion of the Draft Audited Financial Statements for December 2011 and have thoroughly done so with no material errors, fraud or illegal acts. Mr. Mangiaracina emphasized that management takes active part and is responsible to prepare the financial statements which O'Connor Davies assisted with. In addition, Mr. Mangiaracina referenced Note #2 which identified the significant accounting policies which were appropriate and no changes were made during the current year. Mr. Mangiaracina explained that there was no other information in the report other than management discussion that was reviewed by O'Connor Davies to ensure that the report was in conjunction to what was reported; there were no difficulties in conducting the audit, no known disagreements with management, and no unrecorded adjustments in all entries that were proposed or accepted by management.

Mr. Mangiaracina brought the Committee up to date on the new company title, O'Connor Davies Munns and Dobbins LLP was no longer and effective March 15, 2012 the company was now O'Connor Davies LLP. Mr. Mangiaracina inquired if there were any questions.

Chairperson Singer commended the auditors, CFO Carter and Pat Serenson for their diligent work on the audit. CFO Carter thanked everyone and emphasized that it was necessary to ensure that the audit was done thoroughly and concise.

A motion to approve the Drafted Audited Financial Statements for 2011, 2011 Internal Control Letter and Investment Report was made by Michael Baratta and seconded by Cecile Singer. **Approved 2-0**

Other Business

CFO Carter introduced the IDA Engagement Letter 2012 for approval advised that the IDA Engagement Letter would cover the 2012 audit and engage the same procedures to occur before the end of the 2012 calendar year. Chairperson Singer inquired about the fees for service. CFO Carter advised that

2011 fee was \$21,800 and will increase in 2012 to \$22,000.

A motion to approve the YIDA Engagement Letter 2012 was made by Cecile Singer and seconded by Michael Baratta. **Approved 2-0**

CFO Carter introduced the YEDC Engagement Letter 2011 for approval advised that the YEDC Engagement Letter would cover the 2011 audit. CFO Carter added that O'Connor Davies would handle the audit for an annual fee of \$11,000. Chairperson Singer inquired what the estimated partner hours were in order to better understand the fee. Mr. Mangiaracina advised that the actual budget was closer to \$16,000 but was brought down to \$11,000 and would consist of 10 hours of partner time. Chairperson Singer requested that going forward O'Connor Davies issue a breakdown of their accounting fees. Mr. Mangiaracina noted the request.

Adjournment

After establishing that there was no further business before the Committee, Chairperson Singer requested a motion to adjourn the meeting.

A unanimous motion to adjourn was made at 8:27 a.m. by Michael Baratta and seconded by Cecile Singer. **Approved 2-0**