



**Minutes of  
The City of Yonkers Industrial Development Agency  
Audit Committee Meeting  
March 30, 2020 at 1:30 p.m.**

Because of the Novel Coronavirus (COVID-19) Emergency and State and Federal bans on large meetings or gatherings and pursuant to Governor Cuomo's Executive Order 220.1 issued on March 12, 2020 suspending the Open Meetings Law, the Yonkers IDA Audit Committee Meeting scheduled for March 30, 2020 will be held electronically via conference call instead of a public meeting open for the public to attend in person. Members of the public may listen to the board meeting by calling into:

CALL IN NUMBER to join the meeting is: 1-800-832-0736  
When prompted enter ROOM #: 5829710

**BEFORE:**

Cecile D. Singer – President  
Peter Kischak – Member  
Melissa Nacerino – Member

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**IDA STAFF:**

Jaime McGill – Executive Director  
Mary Lyras – CFO  
Fiona Rodriguez – Administrative Assistant  
Samantha Young – Bookkeeper

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**OTHERS:**

Robert Daniele – PKF O'Connor Davies  
Jimmy Ciliberti Jr. – IDA Accountant

MS. MCGILL: We'll ask if there's any discussion or a motion and then most importantly finally when you are making a motion please announce yourself by name before making the motion and then just a reminder to...

MS. SINGER: So, we all have the minutes before us?

MS. MCGILL: Yeah, so we should, let's officially, let's officially open the meeting. Cecile we'll officially open it. Just a reminder to everyone public has access to this call so they are able to call in and listen but not actually participate but they can listen to the call.

MS. SINGER: Alright.

MS. MCGILL: Okay, Cecile you can open the meeting now.

MS. SINGER: I would like to open the meeting of the Audit Committee of the IDA the first order of business is the approval of the minutes. May I have a motion?

MS. MCGILL: I just want to... we'll just do a roll call before we go to the minutes Cecile. Just to confirm...

MS. SINGER: Alright.

MS. MCGILL: So we have Cecile Singer?

MS. SINGER: Here.

MS. MCGILL: Peter Kischak?

MR. KISCHAK: Here.

MS. MCGILL: And Melissa Nacerino?

MS. NACERINO: Here.

MS. MCGILL: Alright, Cecile we have a quorum. We can move on to the second item.

MS. SINGER: Alright, the second item is the minutes you have the minutes in your packet. I'll give you a minute to look at. May I have a motion to approve the minutes?

MS. NACERINO: Melissa Nacerino, motion to approve.

MR. KISCHAK: Motion to approve.

MS. SINGER: And a second?

MS. MCGILL: So, it looks like we got a motion to approve by Melissa Nacerino and second by Peter.

MS. SINGER: Alright, is there any objections? Then let's move on to the review and discussion of the report the audit committee. Are our auditors on?

MS. MCGILL: We have Rob Daniele to run through the audit report with the control letter. Rob you're on.

MR. DANIELE: Okay, alright. Thank you. So, included with your packets was a report to the audit committee we will kind of use that as a guideline. So, if you turn to the first page again I just want to say good afternoon and thank you for the opportunity to present the audit results for the Yonkers IDA again. The audit of the financial statement for the IDA is complete for the year end, December 31<sup>st</sup> 2019. Before you we get into the numbers there's certain required communication that professional standards require us to go over with governance with you folks that oversee the financial reporting process. We'll discuss those shortly. If you turn to the next page the table of contents will briefly go through the audit of the financial statements and the final approval of the financial statement of the Agency. Again, probably will not go in this order but we'll touch upon the financial statements highlights again we will discuss the required communication and other matters. There is a one page communication of internal control matters then we will discuss included in the packet is the management representation letter the copy of it. This is what we get at the conclusion of the audit that basically states that you have provided us with the necessary information to complete the audit and we can provide an opinion on the financial statement and then the last two pages is just a firm overview of PKF, O'Connor Davies.

So, if you turn to the next page, "Audit of the Financial Statement", the audit is complete the scope of the field work was substantially the same as we described in our planning meeting we had in January. The financial statements have been drafted and reviewed by management. They went through our quality review as well; we've issued what is termed as an unmodified opinion. An unmodified opinion, the highest level of opinion that an entity can receive and it basically states the financial statements present fairly the financial position of the Agency as of December 31<sup>st</sup> 2019 in accordance with the standards. So, basically we went through our planning meeting, we are going through our conclusion here today the final approval will happen today. At your next meeting that's when we get the representation letter and we will be able to issue as final documents.

The bottom is a chart of the audit approach; I'm just going to spend a minute to discuss. We did discuss this during our planning communications, again we take a risk based approach and a concerned based approach. Some of the high risk areas we focused on your cash and restricted cash. We confirmed those amounts independently with all of the banks. We also will take a look at your receivables and related revenue. We look into the subsequent year – January, February, March of this year to make sure you've collected those receivables. We also look at your loan receivable from the Yonkers Larkin Garage, another significant area. Your expenses and your accounts payable as well as all of your notes payable to the NYPA loan and the Section 108 loan. We do also do some preliminary testing. We come in and did some internal control testing where we sampled certain transactions we walked through these transactions to make sure that they are in accordance with our understating of the systems that would include your payroll cycle, cash receipts, cycle cash, and disbursement cycle. The transactions are timely that they have the required signatures and support and more importantly that that they are in accordance with New York State guidelines. So before I get to the numbers, if you turn quickly to page four of the document we are going to go over some of the required communication. So, on page 4 to page 8 are required communications that the professional standards require us to communicate to you.

I'm going to touch upon each of these. We discussed the auditor responsibilities under the standards during our planning session. We also communicated those to you in our engagement letter that was dated November 2019 that when we had our planning meeting as well again our responsibilities include forming and expressing an opinion on the financial statements as I previously discussed we've issued an unmodified clean opinion.

We are required to obtain reasonable assurance that the financial statements are free of material misstatements whether caused by error or by fraud. We believe that the audit evidence that we have obtained is sufficient enough for as to render an opinion. We are required to accumulate and communicate to any unrecorded misstatements to the charges governance. So what that means, if there are any entries that we have passed on we have to bring those to your attention. There were not any entries we passed on for the IDA for 2019 and again we have to communicate any significant matters to you obviously we would have done that before we got this process. There's a couple of accounting treatments that we did that we will discuss during the financial statement highlights. Also, included in the report is some supplementary information and certain information pertaining to the New York State Retirement System and then in the back of the report on pages 24 and 25. You have your schedule of indebtedness those are your revenue bonds issued, retired and outstanding as of December 31, 2019. Pages 26 through 29 are your scheduled straight lease transaction. Pages 30 and 31 are your scheduled in lieu of payment taxes. The next section, because the IDA is a public authority we have to perform what is called a yellow book audit. It's considered a yellow book audit as require by the governing auditing standards. So, we have to perform certain tests of the Agency's compliance with provisions of laws, regulations and contracts. We do that as part of our substantive testing.

Next page, page 5 – very quickly responsive of management and C.W.G stands for those Charges with Governance. Again, you are required...management is required to present the financial statements in selecting the appropriate accounting policies since we assist management with the preparation of the financial statement to make sure they are in accordance with the updated standards. Management also has to establish and maintain effective internal controls, comply with laws, regulations and controls. Really provide us with the financials to perform the audit. Those charge with governance, you folks are responsive with communicating with the auditors and overseeing the entire finance reporting process as you did with our planning communications and now our concluding communication and together management and those charged with governance are responsible to set the tone at the top and design policies to prevent and detect fraud. I'm not going to read all of the rest of them but there are certain qualitative aspects to the county practices particularly your county policies those are described in notes 2. The financial statements, again your policies conform to generally accepted accounting principals as applicable to governmental units, they actually follow the governmental accounting standard board that we call GASB. GASB establishes the accounting financial reporting principles. There were no significant unusual transactions for 2019 to report. Page 6 there are certain estimates made by management and they are an integral part of the financial statements based on management knowledge and experience when we get to the financial statement highlights we will discuss the accounting treatment of certain receivables and revenues. The financial statement disclosures are clear and consistent and they follow the same order of the statement of net position.

Some of it required us to again make estimates and that would be basically your pension obligation which is an estimate of what you may owe down the road. There were no difficulties in dealing with management relating to the performance of the audit. The bottom of page 6 very quickly page 7 connected and unconnected misstatements we discussed that we didn't pass on any journal entries that were derived during our audit are included in your packet. Again, there were no disagreements with management that arose during the course of the audit at the end of the engagement we will require certain written representations from management. The management representation letter, that document will be signed and returned to us so we can release the reports. At the bottom of page 7 there were no consultation with other accountants. What that means is that there's a situation where you don't agree on a certain opinion, you may consult with someone else. Obviously that wasn't the case for the IDA for 2019 and very quickly page 8 – we are independent with respect to Agency in accordance with professional standards. Then lastly as you know as part of our process we do discuss a variety of matters more importantly and business conditions that might affect the risks, material of misstatement and the entity going forward. What we have included in the financial statement is the last note and we call it a subsequent event.

We did include something that is happening in this world with this corona virus. Basically to the effect that the Agency's operations may be effected by the recent corona outbreak. Management cannot reasonably estimate the actual impact if any it would have on the Agency's financial position at this time. So, I know that you don't have sensitive revenues so since things are on hold or pushed off you may not have as many closings in 2020 and that could affect you going forward. Luckily, the Agency has a great net position and can absorb a downturn in a particular year but we'll discuss that. So now if we turn back if you will to page 2 and 3. We'll start on page 3 – is the statement of activities with a comparative column for 2018. You can see that overall your operating revenues are up to over \$1.8 million dollars compared to the prior year. Mainly, in the area of Agency and refinancing fees. The Agency did close on some rather large projects in 2019 in particular the Extell Hudson Waterfront which was a \$475 million dollar project which the Agency received a ½ a percent; of that which translated to \$2,375,000 dollars. Another significant project was the Mill Creek residential project about a \$49.6 million dollar project where the Agency received \$248,000 dollars in Agency fees and lastly, another project the Yonkers BC AMS LLC a \$9.2 million dollar project where the Agency received \$46,000 dollars in Agency fees.

So, relatively a really great year as far as refinancing and closing on these projects. You also get the management and administration fees. They are slightly up about \$30,000 dollars. The Agency records fees for overseeing certain projects and the Agency did take on the Yonkers Larkin Garage project in 2019 resulting in an increase in those management fees. You do have a licensing agreement with Yonkers Pier that calls for rental payments of \$21,250 monthly we know that the Pier has filed for bankruptcy in the latter half of 2019. So, in consultation with management and with us we agreed that portion of some of the rental or licensing fees may not be collected. So, of the \$255,000 roughly about \$96,000 relate to some receivables in the latter half of 2019 around July period that haven't been collected from the Yonkers Pier. So, we decided to set up an allowance for doubtful accounts or for uncollectable accounts. We didn't want to write those off. The IDA is working with the City in regards

to that bankruptcy. So, if something changes in 2020 (inaudible) automatically if those payments start coming in they will automatically hit the bottom line. As far as your operating expenses, your salary and payroll taxes are up slightly. The IDA did take on a second bookkeeper for some of the year in 2019. Your rent includes utilities it's based on a new agreement with the City of Yonkers that happened in 2019. Some of those expenses are slightly up as compared to 2018. Your consulting and professional fees they're up about \$570,000 dollars compared to the prior year. Included in there was a \$250,000 dollar retainer payment to an engineering firm for the new school construction project. You paid \$50,000 dollars for maintenance and improvements to the Yonkers Pier and you also had an additional \$150,000 dollars in legal fees for eminent domain work in 2019. The other large operating expenses your depreciation which are leasehold improvements to the Yonkers Pier which are amortized on a straight line basis. So, expense will be pretty consistent over the next couple years.

The last line is what we took an allowance for there are two pieces here what we call bad debt as we discussed before about \$96,000 dollars of the Yonkers Pier licensing fee revenue and receivables relates to some periods in 2019 roughly around July, August, September time period which have not been received by the IDA as the Yonkers Pier is in bankruptcy so the prudent thing to do was to take an allowance since collectability from the Pier is uncertain at this point and since the Agency also has a loan receivable from the Yonkers Larkin Garage which is repaid if the Yonkers Larkin Garage has not been profitable and since the Yonkers Larkin Garage has not been profitable in the past 2,3 years their 2019 audit is not complete again collectedly is not certain at this time. So, as agreed with management we took an allowance against that receivable that doesn't mean it's written off it, it just means collect ability is not assured since we are here January, February, March and we haven't received any of the payments again. That's an item we'll discuss in 2020 as far as the reorganization or the structuring of the Larkin Garage.

We also have some non-operating revenue and expenses. You do operate the Yonkers Workforce Investment grant. Several years back the IDA was designated as the grant recipient again to create workforce investment activities. The grant employees are hired to conduct the activities to meet the projects objectives; however they are solely fund on a grant on a cost reimbursement basis. So, what is spent is then claimed for so generally at the end of the year in December the Agency would set up a receivable for what was spent and not collected as of 12/31. So, again it's a matching principle it's on a cost reimbursement basis it's all grant driven.

Couple of smaller items, you do have a Yonkers Racing Corporation grant there were no expenditures against the grant in 2019. Your interest income is really interest on your bank accounts. Last year you did have some interest in regards to Yonkers Larkin Garage, now that you don't have in 2019 that interest expense. You did change banking relationship or accounts where your interest income in 2020 should be much better than 2019. I'm a little hesitant with what's going on in the current environment to say that. But I know that the Agency had worked out some better interest rates with their banking relationship. So, again if you exclude that bad debt the Agency did have income for the year about 4 to 5 hundred thousand dollars when you include those conservative approach to setting up an allowance for those receivables and for the loan receivables you come down to a loss of operation of \$2.2 million dollars you subtract that from your opening net position of \$9.7 million dollars end the year at \$7.4

million dollars. Again, which is a substantially great position to be in. If you turn to page 2 this is your balance sheet statement of net position. You can see you have assets that's a little over \$9.1 million dollars mostly in cash and equivalents. \$4.2 million dollars of free and clear cash, you do have about \$776,000 dollars in restricted cash. Those are designated for particular projects. Your other big asset are your capital assets which are the leasehold improvements from the Yonkers Pier that you absorbed a couple years back. You do have liabilities in your normal course of business your accounts payable what wasn't paid by 12/31 was set up as accounts payable for 2019. Expenditures you have accrued expenses and you also have some loans payable. You have a NYPA loan and you have a Section 108 loan. Again, relating to the Yonkers Pier that makes up about just under \$1.3 million dollars of your non-current liabilities again the Section 108 loan with the Yonkers Pier. The Agency did make a \$50,000 dollar payment, payment against the loan which has a balance of now \$775,000 dollars. It was able to do so because it did collect a good portion of those licensing fees in 2019. However you know we'll have to look at that in 2020 and then you have your New York Power Authority Loan. Where you did still have a balance outstanding of just under \$500,000 dollars.

You come down to your net position as I discussed the \$7.4 million dollars. Again, it's broken down into a couple categories; you have what we call net investments and capital assets. These are the leasehold improvements to the Pier. These are brick and mortar type things, so they are segregated cause they are not in the form of cash and basically that the \$4.1 million dollars of your capital assets less the loans payable relating to the Pier that comes down to \$2.8 million dollars. You have some monies set aside for the educational purposes for the Yonkers Racing Corporation couple of years back the Agency received a \$500,000 dollar grant that was to be spent for scholarship and things like that. No activity in the current year and then again the monies you do receive from the licensing agreement have been accumulated and are restricted for Yonkers Pier activities that's about \$335,000 dollars in what we call unrestricted which is free and clear – is a little over \$4 million dollars so although we did take an allowance for those bad debts you still have a relatively healthy position that can absorb what the unforeseen is for 2020.

That's really from the financial statement highlights part. So, if you just turn quickly to page 9 of the packet this is our communication of internal control matters. Again, if you look at the second to last paragraph, I'm happy to report we did not identify any deficiencies in internal controls that we consider to be material weaknesses or significant deficiencies for that matter. Everything seems to be working in accordance of our understanding of the system as well as New York State guidelines.

That's really it from the IDA perspective. If anyone has any questions?

MS. SINGER: Alright, we're going to ask if people have....right we're going to ask each member if they have a question. So Mary will you call the names of the people present please?

MS. LYRAS: Sure, Peter Kischak?

MS. SINGER: Do you have a question?

MS. LYRAS: I think...

MS. MCGILL: He might be on mute.

MS. LYRAS: He might be on mute.

MS. MCGILL: You know he logged in a public without the pound sign, so he's going to have to call back in. So, Pete if you hear this you're going to have to call back in and put a pound after your code.

MS. SINGER: There seems to be some problems...some background problems with...

MR. DANIELE: Were you folks able to hear me ok?

MS. SINGER: Yes, your communication was very good.

MR. DANIELE: Ok, thanks.

MS. SINGER: Is Melissa on?

MS. NACERINO: Yes, I'm on. No questions at this time.

MS. SINGER: Alright, I do not have any questions. So, if there are no other questions we'll move to the vote and again will you call the roll of the people who are here for the vote?

MS. MCGILL: Sure, Melissa Nacerino?

MS. NACERINO: Here, in favor.

MS. MCGILL: It appears Peter Kischak is calling back in. I don't know if we have him back on the line yet. Pete are you there?

MS. SINGER: Alright, so then right and I vote in favor of accepting...right.

MS. MCGILL: Okay, so we've accepted the report to the Audit Committee.

MS. SINGER: Are we waiting... any further?

MS. MCGILL: Yeah, you know I think we were waiting to see if Pete called back in but I think his phone may have died because his messages are no longer going through. We have enough for Melissa and yourself for a vote.

MS. SINGER: So, we do. So then we accept the audit as submitted and so at the end of this procedure we ask the staff to move out so we can have a discussion about whether there are any questions or something from members. Since this is a different time let's go through YEDC first and then we'll see how we can work this out. So, I am going to ask for a motion to conclude the meeting.

MS. MCGILL: That'll be Melissa.

MS. SINGER: Then do I have a second?

MS. NACERINO: Second.

MS. SINGER: Then the YIDA Audit Committee has adjourned.

*(Adjournment)*