

STATE OF NEW YORK
CITY OF YONKERS



Minutes of
The City of Yonkers Industrial Development Agency
Audit Committee Meeting
December 10, 2020 at 1:00 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 December 10, 2020 will be held electronically via conference call instead of a public meeting open for the public to attend in person.

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BEFORE:

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

IDA STAFF:

Jaime McGill – Executive Director
Siby Oommen – CFO
Fiona Rodriguez – Administrative Assistant
Samantha Young – Bookkeeper

OTHERS:

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

MS. MGILL: So I'll begin with a roll. Call Cecile Singer?

MS. SINGER: Here.

MS. MCGILL: Peter Kischak?

MR. KISCHAK: Here.

MS. MCGILL: Melissa Nacerino?

MS. NACERINO – here.

MS. MCGILL - Madam Chair, we have a quorum. You want me to run through the agenda Cecile?

Cecile, do we still have you on? Sorry guys, it looks like we lost Cecile - standby. Hang on. Alright guys Fiona's just getting Cecile back on. We're just reaching out to her. Please stand by. Thank you.

Thanks guys Fiona's on the phone with Cecile. We're just getting her back in. Sorry about the holdup

MR. KISCHAK: Are we still connected?

MS. RODRIGUEZ: Yes, we are.

MS. MCGILL: Yes, we're just walking Cecile through logging back in now. Okay, so we have you back.

MS. SINGER: something happened when you ex'd me out.

MS. RODRIGUEZ: Hold on, Jaime. Hi Cecile, can you see it?

MS. SINGER: Yes, I can. I can see the Audit Committee, at least the IDA stuff. Alright, so...

MS. RODRIGUEZ: Oh wait. Hold on, I'm going to put you on with everybody because right now I'm on mute. I need to see if there's a feed to...

MS. NACERINO: We can hear her.

MS. MCGILL: No, no. We hear you.

MS. RODRIGUEZ: Okay, good. Okay, go ahead.

MS. SINGER: Alright, first order of business is the approval of the minutes which everybody has before them. May I have a motion?

MS. NACERINO: I'll make a motion.

MR. KISCHAK: I'll second.

MS. SINGER: Alright then the minutes are approved as accepted. The next time is the Discussion of the Engagement Letter.
So please go to that.

MS. MCGILL: Okay Cecile. We have Rob Daniele here to present the engagement letter and the audit plan.

MS. SINGER: Hello?

MS. MCGILL: Hi, Cecile, we, we have Rob Daniele here to present the engagement letter and the end the audit plan.

MS. RODRIGUEZ: Cecile, Rob Daniele should be presenting.

MS. SINGER: Rob are you here? Will you present?

MR. DANIELE: Yes, I'm here.

Yes, so up on the screen is the engagement letter for the Yonkers Industrial Development Agency. Most of the scope of the work is the same I know that there's some added loan programs and grant programs that happen. Towards the end of this year, that would be new. The engagement fee I think it went up like 2% from last year for the IDA.

MS. MCGILL: Three percent.

MR. DANIELE: Went from 30,500 we went up \$1,000 to 31,500

MS. SINGER: And what's the reason for the increase? Is the increase for more work?

MR. DANIELE: It's just normal, you know, normal two to 3% on an annual. Sometimes we keep it flat, but there'll be some additional work. I know we don't have the, the new market tax. Credit, but now there's these new loan and grant programs. That will start to get heavy; they just started towards the last quarter of the year. So we'll have to review some documentation and documents and that'll get you know as 2021 gets involved. Those will kind of expand.

MS. SINGER: Alright, are there any comments? Does anyone have a question?

MR. KISCHAK: I have no comment.

MS. SINGER: Alright then may I have a motion to accept the engagement as submitted?

MS. NACERINO: I'll make a motion.

MR. KISCHAK: I'll second it.

MS. SINGER: Thank you. The Engagement Letter is accepted as presented. Let's go to the Audit Plan.

MR. DANIELE: Okay, so again, good afternoon and thank you for having me present the audit plan for the Yonkers Industrial Development Agency for the fiscal year ending December 31st 2020. Again, I put a PowerPoint together if we turn to page two; we'll briefly go through an overview of the audit process. There's a flow chart. And then there's some narrative, we'll go through the auditors reports to be issued will give you an understanding of the scope and focus of the audit. The timetable of the audit when we're going to do some preliminary work when we come into do the actual audit so that way we can issue this by the required 3/31 filing and then we'll just end with some auditors responsibilities and some management responsibilities. Page three again, this is a flow chart. There's a narrative on the next slide. So I'll briefly, just touch upon this we come in and do some preliminary work. We kind of have it; we were scheduled to come in December, we're pushing it off to the COVID restrictions. We're trying to see if it's better to wait to see if we come in person. If not, we'll do it remotely, but we come in some time at the end of December early January and we do some preliminary work regarding

your, your internal controls. We look at payroll, we look at cash receipts. We look at cash disbursements and we're will look at the loan programs that are relatively new to the IDA. We're going to assess reporting risk we take a risk based approach. So we'll develop an audit plan based on the areas we think there may be risk. And again, we'll and we'll talk about that in the next slide, but the areas that we look at. But if everything goes according to that audit plan and or evaluation controls. We're going to move forward complete the audit and complete the financial statement and note disclosures, and if there's any findings relating to internal controls little put that will communicate that to you and it goes into our communication letter to you folks to those charge of governance, if the results are not what we expect and we're going to go back reassess our risk, redo our audit programs, if you will and if that requires us to perform additional testing then we'll do so we get a comfort level. If we turn a page four this is a narrative of that chart. So again, as I mentioned, we're going to update and document our understanding of the IDA, its environment policies and procedures, we're going to look at the significant audit areas. Again, we're going to do some preliminary work on your internal controls we sample, we don't look at every single transaction.

But we, we may look at anywhere from five to twenty-five transactions in payroll an additional five to twenty-five and cash receipts cash disbursements and so on. As I mentioned before, we're going to assess risk of misstatement. We're going to develop our audit plan. We're going to perform our, our audit procedures and we usually do what we call substantive tests where we drill down into actual accounts, looking at the detail and we'll do some analytical reviews comparing it to your budget comparing it to last year's actual results and see if there's any significant variances that we need to look at further. We're going to document our findings. Again, if there's anything that comes to our attention we're going to communicate that to you sooner than later. We won't wait till the March meeting and then we'll move forward and issue or independent of auditors report on the financial statements. Page five our scope or the reports that we issued. What's included what's included in the financial statements and the packet that we issue is, and what we really a pine on is what we call our independent auditors report on the financial statements. Generally they're the first two or three pages of the financial statements and again we'll give you an opinion. Based on our audit. Obviously, we didn't do the audit. So we generally we issue and unmodified opinion, it's assuming there are no findings included in the financial statements we do continue the work of the Yonkers Pier development that was rolled or incorporated into the IDA back in 2015 there's some revenues that the IDA to receives and some loans that are due. So we look at that activity. We also have some required and supplemental information that's included in the audit report. The first part is the management discussion and analysis, which is generally written by management and it's an overview of the year.

The financial results of the year seen through the eyes of management. Again, that's an unaudited document, but we do read it to make sure that the numbers agree to what's in the financial statements. You are part of the New York State Retirement System. The employees are part of the Retirement System. So there are disclosures that are required, you know attached to the report. So we're going to look at those schedules.

Will get the confirmation from the New York State and will list out the schedule contributions and the idea is proportionate share that liability in the back. There's also a schedule of

industrial revenue bonds and know Issued these go back from historical perspective to when they were issued there's certain pay downs and there's always some new revenues and notes that are issued, same thing for the straight least transactions will describe with those transactions that were executed during fiscal year 2020 and then there's an also a schedule on your payment in lieu of taxes, incentives for these corporations to do business, they're not on the tax roll, but they do make a payment in lieu of those taxes and then lastly is our record on internal controls. In accordance with government auditing standards and again, if there's any finding so we would report those to you in that document.

Page six our scope and our focus. Generally, you know, we look at the significant audit areas. We're going to look at your cash and any restricted cash. We're going to look at your accounts receivable and make sure that you either collected those in January, February, March, or if there's any doubt and those collections will have to look, at an allowance for those there is a loan receivable from the EDC and again that's if the Yonkers Larkin garage is profitable then they need to make a loan payment to the IDA, which assignments rights from the YEDC so again, we'll, we'll research the Yonkers Larkin Garage to see if any payments or do the IDA. Well, look at your capital assets, which is a significant asset to the IDA. And as I mentioned before, we'll look at the loans on the Yonkers Pier and the New York Power Authority loans will make sure that those aren't in default and those payments are being made, we look at the net pension liabilities, as I mentioned, will get a confirmation from New York State and we'll have to record the IDA's proportion chair and then we look at the revenues and expenses, particularly the agency and refinancing fees and any type of management administration fees and then on the expense side and look at salaries and related payroll and employee benefits any rent to that you're paying consulting fees professional fees legal fees and advertising fees and you do also operate the Workforce Investment Grant. So we'll look at those income and expenses. That's a grant; that's on a matching principle. So anything that's spent is drawn down so we'll look to see that anything that was spent was received. And if there's a year and cut off that a receivable was recorded for those expenditures that we're done later in the year, and possibly claimed at the end of December or early January so we match those revenues and expenses and so there are a lot of different things to look at.

MS. SINGER: So how will you be evaluating thus differently than from other years?

MR. DANIELE: We're going to we look at, because the agency and refining fees are substantially the IDA's business, we look at those at 100% so we're going to we're going to get a listing of those. We're going to look every minute remittances and if we have to confirm those with respective third parties. We will do that. So we're going to compare him to 19 and see what the additional income or expense is beyond you know the variances and make sure that they're reasonable and that's all encompassed in the 2020 year

MS. SINGER: Okay, does anyone else have a question?

MR. KISCHAK: No.

MS. SINGER: Alright then let's continue.

MR. DANIELE: Okay, page seven is the timing. As I mentioned before, either at the end of December early January will come in, obviously we're doing our communications meeting how the audit approach. Today, December 10th and then towards the end of December we make pushing into early January. We're going to come in and review and evaluate the internal controls, as I mentioned, looking at payroll cash receipts cash disbursements will come back towards the end of January, early February to do the actual audit where we call her substantive testing and our analytical reviews. We hope to have a draft for the audit committee sometime early March and then we could certainly have our, we can go final. This will meet again to go over the final results sometime mid to end of March, that way we can issue the reports final before the March 31st deadline and then page eight, nine and ten are what our responsibilities are what management responsibilities are. I'm not going to read every bullet but as I mentioned, you know, at the top there we form and express an opinion about whether the financial statements are presented fairly in conformity with our standards with the generally accepted accounting principles again, we don't look at every single transaction, but we ensure that the audit is designed to obtain reasonable assurance that the financial statements are free from error or material misstatements. We communicate in writing, if there are any significant matters relating to your internal controls, as I mentioned before, if there's any findings we'll communicate those to you before we issue the report, but we do incorporate that into our communication to you folks. On page nine, we are required. You know, to report to you if there's any fraud or allegations of fraud. Again, so we'll do that sooner than later. If we uncover anything before we get to the final point and then we do look at provisions of log on page ten we do look at provisions of laws we look at contracts, we look at grants that's part of our audit procedures. Page eleven even though we are preparing the financial statements you folks management is responsible to collect and you can use of the appropriate accounting policies and to ensure that the financial statements are prepared in accordance with the standards. And again, as I mentioned, since we assist you with the preparation of the financial statements. We make sure that they are in accordance with the updated standards.

But you are also responsible for the design and implementations of programs to prevent fraud and you are required to comply with laws, regulations and contracts and related grant agreements and again as part of our audit procedures, we're going to look at those. So that's really it for the IDA. As I mentioned before, the audit plan hasn't changed. But you do have some new requirements regarding some grants and some loan programs. That were new for 2020 that the IDA was involved with. It's in the preliminary stage, but we'll have to look at those agreements.

MS. SINGER: Alright, are there any questions?

MR. KISCHAK: No questions.

MS. NACERINO: No questions.

MS. SINGER: If there are no questions, may I have a motion to accept the Audit Plan as submitted.

MS. NACERINO: I'll make a motion.

MR. KISCHAK: Second.

MS. SINGER: Alright. Thank you. Thank you. Is there anything you further? Then will our management people please get off the line?

MS. MCGILL: Alright, so we will have Fiona pull everyone into a separate room. So just give her a moment so she pulls everyone into a separate room. Because you'll be in a in a private room, we won't know when you need to come out. So if Melissa, maybe if you could text me when you're ready, and I'll have Fiona pull you out of the private room.

MS. NACERINO: Yes, I think we can just leave ourselves.

MS. SINGER: *(inaudible)*

MR. KISCHAK: I can't hear what you're saying.

MR. DANIELE: Yes, it's very low.

MS. NACERINO: You're not going to be able to pull Cecile into a room because she's not officially logged in, I think.

MR. DANIELE: Why don't we plan and you don't have to discuss anything privately right?

MR. KISCHAK: No, I don't think so.

MS. MCGILL: Let's look at the review of the audit results and we will go into executive session. Right, right, unless we see the need to do that now. Which we're happy to arrange we would typically do that at the next meeting in March, which have the results of the audit right?

MR. DANIELE: Right.

MS. SINGER: Alright.

MR. KISCHAK: I agree with that.

MS. RODRIGUEZ: You made a motion on the Audit Plan, so now you're up to other business.

MS. SINGER: Rob? Rob?

MR. DANIELE: I'm here, Rob.

MS. SINGER: Yes. A significant change in the in the financial structure and who is really the participating so do you have anything to say about that?

MR. DANIELE: Yes, I know that Mary left when I spoke to everyone. There was a solid replacement I haven't spoken to him, but we've talked on the phone actually but because of COVID we haven't met but I think everything was kind of up to date before Mary left. Maybe December of activity that needs to be looked at. But I, I don't see that being an issue. But when we go in and January will let you know if there's any, anything we find or any concerns.

MS. SINGER: Because this for all of us a major change and we has great confidence in Mary and in the way we operated

and I know that we always had clean audit reports and even in difficult periods. So, we'll be very interested in what you're finding and if there is anything different and of course you will call me as Chairman and then I can communicate with the other members.

MR. DANIELE: Yes, absolutely.

MR. KISChAK: I do. Who's the replacement?

MR. DANIELE: I don't know the background of Siby.

MS. MGILL: Yeah, I can answer that. This is Jaime, Siby Oommen, he's been on a couple of our other regular board meetings to observe and he is Mary's replacement. He worked with her for probably a week and a half before she left. He has a solid background. He's a really good replacement.

MS. SINGER: Okay, we're very confident in Siby. Does anyone else have any questions or comments?

MR. KISCHAK: No.

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MS. SINGER: And your interactions with our Executive Director or the other staff; have these all been satisfactory?

MR. DANIELE: Yes, from so far as I mentioned, because of COVID we haven't had the opportunity to meet but we have been on the phone through these types of meetings several times. So I don't see there being an issue again and he he's relatively new to the IDA, but he's been doing this for some time and

MS. SINGER: So, our Executive Director also supports you know what's happening and so you've had satisfactory interaction that support?

MR. DANIELE: Yes, yes. We've spoken a few times so I'm like I said I mean, we never want Mary to leave but she left and it happened in December. So, a lot of the activity of the IDA was already recorded if you will. So, next year, so maybe I'll have like a full year. But you know obviously has close out this year, but I don't expect any to find anything like out of the norm.
No.

MS. SINGER: Alright, can someone call back on their phone?

MS. RODRIGUEZ: Oh no, stay on the phone you're going to close out the IDA and we're going to move into YEDC. So we're just going seamlessly into the meeting.

MS. MCGILL: Cecile, we have everyone here on the line. Just before you take a motion for adjournment I just want to remind everyone stay on the line.

MS. SINGER: *(inaudible)*

MS. MCGILL: We're all here so please everyone stay on so we can kick off YEDC right away.

MS. NACERINO: I'll make a motion to adjourn.

MR. KISCHAK: I'll second it.

MS. SINGER: Meeting is adjourned and we're all staying on the line for YEDC.

Adjournment