

STATE OF NEW YORK
CITY OF YONKERS



**Minutes of
The City of Yonkers Industrial Development Agency
Audit Committee Meeting
March 25, 2021 at 10:00 a.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 25, 2021 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:

Join Zoom Meeting

<https://us02web.zoom.us/j/86495434124?pwd=TUY0a2ZLbE5LaU0vY2w0M0dBndVQT09>

Meeting ID: 864 9543 4124

Passcode: 312573

One tap mobile

+16465588656,,86495434124#,,,,*312573# US (New York)

+13017158592,,86495434124#,,,,*312573# US (Washington DC)

Dial by your location

+1 646 558 8656 US (New York)

+1 301 715 8592 US (Washington DC)

+1 312 626 6799 US (Chicago)

+1 346 248 7799 US (Houston)

+1 669 900 9128 US (San Jose)

+1 253 215 8782 US (Tacoma)

Meeting ID: 864 9543 4124

Passcode: 312573

Find your local number: <https://us02web.zoom.us/j/kgMhjMGML>

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. SINGER: Call the meeting to order. The first order of business is the roll call. Can we please have the roll call?

MR. OOMMEN: Yes, good morning everyone. Cecile Singer?

MS. SINGER: Here.

MR. OOMMEN: Pete Kischak?

MR. KISCHAK: Here.

MR. OOMMEN: Melissa Nacerino?

MS. NACERINO: Here.

MR. OOMMEN: Madam Chair we have a quorum.

MS. SINGER: So, so we have a quorum.

MS. MCGILL: We have a quorum.

MS. SINGER: Alright, the next order of business is the minutes. You all have the minutes before you; I assume that you have looked at them. If there are no additions or corrections, can I have a motion to accept the minutes and submitted?

MS. NACERINO: Make emotion.

MS. SINGER: Right, is there a second?

MR. KISCHAK: I second it.

MS. SINGER: All right, are there any objections? All right, then, the minutes are accepted, then our next order of business is the review and discussion of the report to the audit committee by our accountants, so if they will please come on and begin.

MR. DANIELE: Okay, thank you Cecile. Siby, do we want to bring up that wrap up document or does everyone having in front of them, and I just walked through it?

MR. OOMMEN: Everyone should have it in front of them, so we can walk through it.

MR. DANIELE: Okay, so I'm looking at a City of Yonkers Industrial Development Agency the report to the audit committee, it was a separate little packet called a wrap up communication document. So I'm going to baseline off that so again good morning, and thank you for the opportunity to present the audit results for the Yonkers Industrial Development Agency for the fiscal year ended December 31 2020. If we turn to the table of contents, which is page three of the PDF. Again, we will go over the status of the audit. I'm sorry. Just continue it will go over the status of the audit the audit approach will go through some certain financial statement highlights are required communications and then any internal control matters that were identified in the order. As far as that last one internal control matters, we didn't identify any comments on internal control, but we did list under what we call other matters. Cyber Security best practices which are 10 steps that all entities really should employ immediately a cyber security breaches are not common.

So the if you know again if the IDA needs assistance with that we can certainly help on that the it guy, but I could certainly point you in the right direction, so if we turn to page four of the PDF. As far as the audit the fieldwork is complete the scope of our field work was substantially the same. As we discussed during our planning communications, with the exception of some new emergency disaster relief grants and loans. That were administered by the Agency really towards the last quarter of the year, the financial statements have been drafted, they have been reviewed with by management, you should have a separate draft Financial Statement document in your packet.

MR. OOMMEN: Rob sorry to cut you off, but we're looking at the report to the audit committee. The full package, not the wrap up so page two for example is the comparative statement of net position.

MR. DANIELE: Okay I'm looking at the wrap up documents that they don't have that?

MR. OOMMEN: We have the full package.

MR. DANIELE: Okay, so let me go through some things and then we'll get to them okay.

MR. OOMMEN: Okay.

MR. DANIELE: As far as the report will be issuing what is termed in unmodified opinion modified opinion is the highest level of assurance that any entity can receive and it basically states that the financial

statements present fairly the financial position of the IDA at a specific point in time, as of December 31 2020 once again in accordance with the standards in accordance with accounting principles generally accepted. In the United States of America there's a couple of you know we're looking to go final with the statements which should occur with this meeting, a couple of documents that we need in relation to the public authorities and accountability act that certainly will get that later this afternoon and then we conclude with getting a management representation letter which I'll send over and that basically we get that conclusion of the audit thing that you made certain representations to us and you provided saw the financial records.

So we get to the financial statement highlights I don't know what page it's in your document, but if we turn to the comparative statement of activities for the IDA.

MS. MCGILL: It's page seven of the financials.

MR. DANIELE: Okay, seven and we'll start at the top. Again, this is a comparative to 2019 and we start with the large number there, you can see that agency and refining some fees are down about \$2.1 million compared to 2019. Once again, this is really based on the COVID-19 pandemic in 2019 you did close on several large projects, including the Extell Hudson Waterfront and that generated 2,375,000 of the \$2.6 million in Agency fees, you did have a couple of closings in 2020 really two projects, the Lionsgate which generated about \$300,000 of the 530 \$3,000 agency fees, as well as the checks and terrorists, which generated about \$200,000 of the agency fee so again really that's down basically.

The Agency, as well as the rest of the world is really shut down for a period of time and it sold attributable to COVID-19 as far as the management administration fees. Every project that gets benefits is required to submit information for channel reporting, including salaries and certain utilization. Reports and depending on the total project cost the IDA receives an annual fee, you can see that as down about \$40,000 and those annual fees are generated from those project closing so.

You had several in 2019 you have really had maybe one or two or three in 2020 and that's why the administration fees are down a little bit your licensing fee that's the revenues received from the X2O restaurant. You can see those are down. You did have a licensing agreement in 2019 that code for the payment of \$21,250 per month from X2O.

The 255,000 is the gross 12 months of that but, as you can see, when we get to the balance sheet, we can see that Peter Kelly or X two oh ran into some financial difficulties, and they really Oh, the IDA about \$96,000 of that 255,000. Since we haven't received payment we did take an allowance against that money, but you know management still needs to pursue that and what's going to happen going forward but in regards to a new licensing, agreement was reached with X too low and that cloth for payments of \$16,000 for the period of January through April and then no payments for May and June and then for the Perry July through December that was reduced to \$10,000 so he's current on those payments for 2020 they didn't the Agency did receive the entire hundred and \$20,000 but, again, we still need to revisit the monies that are rolling in 2019.

As far as the operating expenses salaries, you can see, salaries are up about \$20,000 compared to 2019 and that's you know normal increases your payroll taxes and employee benefits are up about \$120,000 and in there includes not only the retirement bill that you pay. But because you, the iIDA is part of the New York state retirement system, there is a proportionate share of what you would Oh, if they were 100% funded they're actually, their funding is roughly about 87% so you're proportionate share of that 30% that's not fun, it is included in here and that's roughly about \$80,000 \$120,000.

As far as rent expense rent expenses up a little bit no new increases in your rent however they're included in their utility so there's slight increase in activities, as well as the IDA did purchase an alarm system for 470 Nepperhan having you in that charge to rent line. Your consulting and professional fees are down, probably 50% down significantly and again that's all related to COVID-19 based on all the large closings in 2019 you to have legal fees that pertain to that not so much in 2020 and again included in there are the ceremonies the dinners the lunches they have you can see that up because of COVID-19.

Really that didn't occur in 2020 compared to 2019 and that's the rise that significant drop in the current year, as far as your advertising printing and reproduction again that's down roughly about 50% down half and that's also you did sponsor the fourth of July fireworks and that can happen in 2020 and again I'm sorry the two ceremonies and things like that are charts to this line and that didn't happen in the current year, compared to all the other line items are pretty much in an order depreciation is your normal amortization for the year. That debt, you can see, not in the current year \$2.7 million in the prior year and again there's two components to that that occurred in the prior year. Again, nine \$6,250 of that is the X20 a restaurant that we did take an allowance for because payment wasn't expected within 12 months of that payment hasn't been made, even as of today, on those old outstanding amounts, so we did take an allowance that leads to bad debts and the other \$2.6 million is the Yonkers Larkin Garage loan.

That the IDA has a receivable, to the extent that the Larkin garage is profitable and you know, over the past at least three to four years that Larkin garage has not been profitable and unable to pay down that long and then the last item is the emergency disaster relief grants, and this was a new program that allowed IDA to issue grants have up to \$10,000 to companies or even not for profits that to business in the City of Yonkers and the IDA I did issue roughly about 23 or 24 those grants for up to \$10,000 and we can that really happen towards the last quarter of 2020 and that's monies from the IDA is own monies it's not any grants received from the Federal Government it's really their own monies and when we get to the balance sheet, in addition to those grants to our actual loans made that would require pay back down the road. Take your revenue subtract your expenses, you did have a loss for the year of \$1.5 million, and it can all relate to COVID-19 basically because the activity wasn't there.

You do operate the Workforce Investment Grant Program several years back the IDA board approved and establish a relationship with the Workforce Investment Board so grant employees are hired to conduct activities to promote job opportunities and economic welfare in City Yonkers they are strictly funded from this France on a cost reimbursement basis. So whatever is spec is actually claimed for and that's why revenues equal expenses, but you've been operating this program for the past four or five years and then we treat that below the line is a non-operating revenue and expense, you have some interesting comment because you did have some cash and thank you to generate about \$39,000 of interest income.

You had some interest expense on two loans that you are paying back the (*inaudible*) loan and a New York power authority alone will discuss those on the balance sheet side. But, as I mentioned, you end the year with the change in that position in the bracket of \$1.5 million as such, we lost. You subtract that from your opening that position, some point \$4 million, and you end the year at \$5.8 million, so you did have a loss, but you still have a healthy net position to move forward, or two to 2021, 2021 and 2022 if we turn back that I guess the page seven, on your side to the balance sheet or to statement of net position. You can see that of the current your current assets and basically made up of cash, you can see there's a drop in your cache. Of about \$1.3 million and that's really the activity that occurred in 2020 compared to 2019 essentially the loss of a \$1.5 million, you do have money so restricted cash set aside for specific projects, and those are detailed in the notes to the financial statements.

As I mentioned before, under the noncurrent assets, you do have emergency disaster relief program loans receivable. Again, not only did you provide grants for up to \$10,000 that don't require to be paid back you did issue loans to the extent of up to \$25,000 to various organizations. That needed the assistance, due to the COVID-19 outbreak, and that was a new program that allowed IDA to make these loans to small businesses and not for profit organizations, there are certain restrictions, so these loans will be paid back, but only they start to be paid back to the IDA once. The Governor or New York State declares an end to this what we call state emergency or this coven and once that happens there's a 60 day grace period so. We don't know when that's going to happen, these are going to probably be long term in nature, probably won't happen for another year, maybe two years but the IDA is expected to get this money down the road your capital assets are consistent with your annual depreciation expense nothing new to report their deferred outflows of resources related to your pension costs again this relates to the New York State Retirement System; this is provided by the State through their auditors KPMG you can see that these different outflows inflows and your net pension liabilities up because the rates have gone up and the in the past, the retirement system was funded in the 95 97% range and because of the funding and the little drop in the stock market back in 1921 it was valued the funding is now at 86 87% so when the funny drops your liability goes up again you're not going to get a bill for this, but it's something that's required to be reported your other accounts payable accrued expenses and due to other episodes pretty consistent with the prior year your loan through down as you make payments on your section one await loan and the new your Power Authority loan against some in particularly near Power Authority loan.

For the second one away loan was to pay down with the proceeds received from X2O restaurant which you are getting not to the extent of what you were in the prior year, but you are making these payments, regardless of receiving that money or not as I mentioned, you come down to the bottom, there you have \$5.8 million in that position. Some of it is not all free clear and a lot of it to the extent of \$2.4 million is what we call the net investment capital assets basically the leasehold improvements on the pair so it's brick and mortar type thing it's not actual cash. You do the have some monies restricted you the IDA did pass a resolution to unrestricted, if you will, the Yonkers Raceway Corporation money to be moved to be used for Yonkers pair upgrades so that was done in 2020 therefore no restriction exists for those purposes. You do have about \$300,000 set aside for the offers peer activities and a little over \$3 million that's unrestricted or free and clear to be used for IDA purposes again when you compare the unrestricted from 2019 2020 you can see that that's down about a million dollars or so, so the of the overall decrease of one \$1.5 million the unrestricted pieces down about a million dollars. That's really the results of operations.

Again in the in the back, in our required communications packet. In the back, there are certain things that. You know, we discuss as far as what our responsibilities are I'm not going to read all of them, but again, as I mentioned, we are responsible to form and express an opinion on the finance team it's taken as a whole and we do so by obtaining reasonable assurance that those financial statements are free from material misstatements whether caused by fraud or here we are required to accumulate and communicate to you any journal entries that we call on correct the journal entries are on correct and misstatements again what that means is if there were any entries that we passed on and again we did have any entries that we passed on any entries that we propose were recorded by management. As far as the back schedules on the audit report the default schedules, the refinancing schedules to pilot schedules. You know, we don't issue an opinion on those schedules, we do a review those to evaluate that they're presented in accordance with the standards. We do make (*inaudible*) an increase management of how they compile that information I could tell you that management has obtained confirmations from the lending sources and they provided that information to us, so we can verify those that those bonds issued pay down and outstanding are accurate because the IDA is a public authority and the audit is conducted in what we call in accordance with government auditing standards we are required to perform certain

tests of the agencies, compliance with laws provisions of laws, regulations and contracts and perhaps that we do so, and nothing came to our attention that was an error.

You know, I do have to say that, although we do perform the audit and prepare the financial statements, these are ultimately management's financial statements so they're responsible for what's included in there, as well as the note disclosures they're responsible to maintain internal controls throughout the year and they're also responsible to comply with laws contracts and correct for these grants and contracts and really to provide us with all the financial information so that we can complete the audit. The significant accounting policies are disclosed and know to the financial statements and, again, there were no changes. During the period that we audited as compared to the prior year again no matters came to our attention, every require us to inform you of any significant or unusual transactions. I do say that the financial statements do include certain estimates payroll crows and things like that, again we verify that those estimates are reasonable. Again, and they are reasonable and again we encounter no difficulties in the conduct of our audit, as I mentioned before.

We will be requiring a mannequin representation letter that we normally do and get the conclusion of the audit and that just says that management has made certain representations to us and really provided us with the financial records that translate into the numbers that are in the financial statements. So again, other than that you know, obviously, a lot of decreases in the current year due to cove it but, overall, still a healthy financial position to move forward in the current year and to 2022.

MS. SINGER: Well, certainly, this was a different year. YIDA and for every business but you could say that our finances are in order, and that will still in a strong position.

MR. DANIELE: Yes.

MS. SINGER: I would agree so that's very important for us so alright, so do you want to go on into the internal control?

MR. DANIELE: Yes, so we are required to give you shoot intro control that or we didn't find any internal control management comments. We didn't include, as I mentioned something on there other matters which, because of cyber security, especially in the government arena and cities, towns IDA's of public authorities we've seen an increase in breaches. So there they the government finance officers association came out with 10 steps that every organization should be implementing and it's not really a finding, but I think that the IDA needs to kind of go through those 10 steps and make sure that. You know that we start implementing if not if we're not there yet those 10 steps to make sure there are no breaches and you know allies, I said I'm not the it person, but if there's anything we can assist with we will certainly help you with.

MS. SINGER: So that what are other organizations of our time doing in this area?

MR. DANIELE: i've seen you know we have a separate it department and they come in and they would they've actually you know a lot of or small organizations say I don't think we're prone to this, but we were actually you know with our team not me, but the it folks were able to penetrate. Their systems and really go in here and manipulate the numbers so I'm just trying to avoid you know any places where they take your information and require ransom we've seen some school districts get some ransom and actually one on the island in long island had to pay like \$100,000 to get your data back so. Just something you want to think about in the void obviously nothing has occurred that I'm aware of, but because of all these penetrations that because you use QuickBooks. You know, and it wouldn't be easy for someone to do this,

so I just want to make sure that the IDA cut implements those 10 steps and if they need further assistance that they...

MS. SINGER: That they're prepared yes but from what we understand there aren't any fail safes that you can put in, and you know the penetrating and that acting you it's very difficult to do something and it for a group an organization of our size that would prevent it.

MR. DANIELE: There are certain things you could do like the you know even our firm is implemented, our it folks send out fake emails so you don't click on certain things. So are there are things you can do to kind of you know a lot of people, even in the organization may get an email and say oh this looks legitimate and click on it, and then you know your breach, so there are certain steps you can do and you know there's certain safeguards that you can implement. So I mean if that's something you want us to look at, we can certainly do that.

MS. SINGER: Well alright, so what you experience, if you have some kind of a list of the things that we can do to protect ourselves that would be helpful.

MR. DANIELE: Yes, I will get something from our it folks and pass that along.

MS. SINGER: or so we would appreciate.

MS. MCGILL: You listening and just to give everyone a sense of security, although we do have our own independent it consultants, we were like Yonkers to maintain our security, so we do know that we have the utmost security but we look forward to seeing the additional steps that (inaudible) provide.

MS. NACERINO: Jaime that was going to be my question for you. Because Rob I think what you're articulating is really around user education. Which is very important and what you're referring to is fake phishing attacks, to again raise the awareness of the users. Which is extremely important, but at the end of the day, it really is how the system architecture of setup so if the City of Yonkers is running your system architecture. That is really where, again, not that a hacker can come in from a phishing attack, which is what you're describing but really how it's architected to when you look at Office 365 in your email servers that's all what the City of Yonkers is maintaining for you and again very important topic, but I there is definitely a distinction between 10 steps of education versus architecture.

MR. DANIELE: Yes, and we will look at what the City is providing and kind of relay that back to the IDA.

MS. SINGER: Alright, so that will be a very helpful and do you have our members of the committee, do you have any questions.

MR. KISCHAK: I have no concerns.

MS. SINGER: Alright if there are no questions, no concern, could I have a motion to accept the audited financial statements as presented.

MR. KISCHAK: I make an motion.

MS. SINGER: May, I have a second.

MS. NACERINO: Second.

MS. SINGER: Are there any objections? if there are no objections to the minutes that the audit stands accepted by the committee alright. Is there are right now, at this stage, we would ask our employees of the IDA to please go off for a couple of minutes.

MS. MCGILL: So, Cecile - Fiona is going to escort a score of the board members, as well as rob into executive session so we staff members will not be a part of that.

MS. SINGER: And then if you can (*inaudible*).

MS. MCGILL: That, so we will go in.

MS. SINGER: Can I have a motion that we go into executive session?

MS. NACERINO: I make a motion.

MS. SINGER: Right and a second?

MR. KISCHAK: I'll make one.

MS. SINGER: Alright, so now we'll go back to our auditors to our accountants and we'd like to ask if you had any problems.

MS. RODRIGUEZ: In security hold on one, second, let me put you into the breakout room Cecile i'm going to move each one of you in okay?

MS. MCGILL: Good, it will take a minute.

MS. RODRIGUEZ: Okay hold on.

MS. SINGER: So our account was still on.

MS. RODRIGUEZ: Okay I'm going to move Rob Daniele also into the breakout room. Okay, everybody should be in the breakout. Melissa, Pete, Cecile and Rob Daniele should be in the breakout room hold on okay wait a minute, give me one second hold on, let me, let me, let me do it one more time. They're supposed to go off. Okay, Melissa is in, Rob is going in and Pete it's to go in. Please join the room. Everybody's on. Okay, thanks sorry about that glitch.

MS. MCGILL: Cecile and Robert still in the room so.

MS. NACERINO: I gave them instructions of how to.

MS. RODRIGUEZ: Close them. Okay, it should be kicking them out like a second.

MS. MCGILL: Welcome back everyone.

MS. SINGER: Okay right, well, we only heard good things, this is certainly was a transition period in in all with all of our financial reporting and records and so and there were a couple of things that were recommended, and I think they will be discussed with you about entries and about having a the outside

account and do certain things. But we ask that he discussed that with you, but certainly don't want to congratulate you and Anna staff for working through this very difficult period and with having a major staff transition and so that that things have basically been in order and so that we can forward. Is there any further business.

MS. MCGILL: We have no other further business on the sense.

MS. SINGER: So, if there's no for the business, may I have a motion to adjourn the meeting.

MS. NACERINO: motion to adjourn.

MS. SINGER: Second?

MR. KISCHAK: I second.

MS. SINGER: Thank you, the meeting stands.

Adjournment