

STATE OF NEW YORK
CITY OF YONKERS



**Minutes of
The City of Yonkers Industrial Development Agency
Audit Committee Meeting
December 9, 2021 at 1:00 p.m.
Via Conference Call (Zoom)**

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BEFORE:

Cecile D. Singer – President
Peter Kischak – Member
Melissa Nacerino – Member (Excused)

IDA STAFF:

Jim Cavanaugh – President/CEO
Jaime McGill – Executive Director
Siby Oommen – CFO
Fiona Rodriguez – Administrative Assistant

OTHERS:

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

ROLL CALL:

Cecile Singer – Here.

Peter Kischak – Here.

Melissa Nacerino – Excused.

MS. MCGILL: We're going to move on to the review and discussion of engagement letter for external auditing services for 2021. We have Rob Daniele here from O'Connor Davies to walk us through the engagement letter and discussion of the audit plan.

MR. DANIELE: Okay, so very quickly or just separate engagement letter that was presented on November 12 2021. It just breaks down what our plan is for the audit, as well as the fee. The fee for 2021 is 32,500 I believe it's up like \$1,000 compared to last year and we'll go slow.

MS. MCGILL: Just a note for Cecile because I do know this is a Cecile question. Historically, excuse me Rob, there's a 3% increase which we historically have had, year after year, so that is a standard increase. Sorry Rob it's back to you.

MR. DANIELE: And we'll talk about the audit plan as we go through the PowerPoint and again, for the sake of time we'll just condense that.

MS. MCGILL: We'll go from the engagement letter go right into the audit plan and then we'll take up will take a vote on accepting the audit plan after the review.

MR. DANIELE: Okay, does Fiona have the PowerPoint?

MS. SINGER: I think that when we accept the engagement letter, will you can reach me. Okay, because that we need to vote on it, and if there is the standard amount has been 3%, and this is 3% again and Pete do you have any question about that?

MR. KISCHAK: No I don't Cecile.

MR. DANIELE: I think. We left to see flat last year, so we didn't raise.

MS. SINGER: Right so then so then can we have a motion to accept the engagement letter as presented.

MR. KISCHAK: I make the motion Cecile.

MS. SINGER: All right, I second that all right, are there any objections? If there are no objections, then then we'll consider it passed alright. Okay, then.

MS. SINGER: I'm going to mute myself and we'll go on with the rest of the meeting with Rob and Rob you can come back and go through the engage the rest of the pro forma.

MR. DANIELE: Okay Jamie does Fiona have the PowerPoint that she could bring up?

MS. MCGILL: She does. I see it, on the screen here.

MR. DANIELE Okay, so again, do you could turn it in next page real quick. Again, just for the sake of time we'll go through the overview of the audit process, the reports we're going to issue. The audit timing and then some of the areas that we're focusing on. Turn page three. Page three and four really page 3 is a flow chart page for us is more of a narrative but we're going to come in. Actually, in a few weeks and we're going to update the document and our understanding of the agency's business environment any updates to policies and procedures and we're going to test internal controls. We don't look at 100% but we're going to sample some items. Again we're going to identify some of the significant audit areas and then we're going to we're going to perform a walkthrough of those internal controls we're going to do a risk assessment is what we call it. Again, something we'll talk about in the next slide some of the risk areas we're going to develop our audit plan. If everything goes according to the audit plan will move forward, complete the audit prepare the reports and identify any internal control findings and move ahead and issue the independent auditors report. Page five, so also included in the auditor's report is what we call the independent auditor's report on the financial statements, the first couple of pages of the report and we form and express an opinion on those on those activities of the Agency as a whole. As you're aware back in 2015 the Yonkers Pier Development Corp. for the activities were rolled into the IDA and they continue there's some lease revenue that comes in and there's some payables that are paid from those sources what we call as required supplementary information. We have to report on the net pension liability, we have to report in the back on any industrial revenue bonds and notes that are issued. For 2021 there is a lot of street least transactions and what we call payments, and we will have taxes, again, some of these in the back or not audited documents, but we go through, to make sure that the numbers disclose agree to what's reported in the financial statements we also issue a report on internal control based on government auditing standards again if there's any comments.

That we raised other than normal comments that we raised as material weaknesses are significant efficiencies obviously will let you know before the end of the audit process and there's also a because it's a, the IDA is a public authority there's some investment reporting guidelines and issue and it's separate

opinion on that as well, next page. So some of the air audit scoping areas we look at we look at all the cash in any restricted cash we actually confirm all the cash with the banks, we made sure that the required collateral is there as well. We look at receivables make sure that they're collected we actually go out and look into into January, February, to see if some of those monies were collected. You do have a receivable from the Yonkers Economic Development Corporation, and this has to do with the dissolution of the new market tax credit program that happened a few years back, which says, if the Yonkers Larkin Garage is profitable, they should be able to start paying some of that back so we'll look into that as well.

Beginning last year and based on COVID there was some emergency disaster relief grants, as well as loans that were given out so again we'll take a look to see if any at there any new loans, I know these don't have to be paid back for a period of time, but we'll make sure that. Any loans that were dispersed are recorded on the books and we'll go through the timetable when they are due if they weren't actual grants. The IDA has large capital assets so that's a focus area there's money due to other entities, so we look at that there's some loans payable specifically some Yonkers Pier Development loans that are to be paid back with the least revenue that you get from the from the Pier. You know, there may be some issues with collecting some of that least revenue so we'll look into that there's also a Power Authority loan associated with the Yonkers Pier as I mentioned before there's what we call government Accounting Standards Board Statements 68 because the Agencies part of the New York State Retirement System will have to.

The Agency hires an actuary that are the State actually calculates the pension numbers so we'll have to report those as well and then we're going to look at your operating revenues and expenses, particularly your agency and refinancing fees and your management administration fees and from the expense side will look at your salaries and your payroll and you're related benefits in any type of consulting and professional fees which seemed to be the higher expenses of the agency, you also do offer also operate the Workforce Investment grant program which is on a cost reimbursement basis so we take all the revenues that come in from the Workforce grant and we report the expenses and there's always a cut off at the December 31st so we'll have to match any expenses that were claimed after year end but relate to December 31, 2021. Next page. So the audit timing, as I mentioned we're here doing the planning communication today December 9th we're going to work with Siby on coming back and a few weeks or towards the end of December, maybe even into early January to do some internal control testing where we look at payroll cash receipts and cash disbursements and then we come back towards the end of January early February to complete the audit what we call our substitute testing we do our final reviews, if everything goes Okay, we hope to have everything filed. In March, as this, the PARIS report is due to the State by March 31st I know that the software system was hacked. If you will so just a little concerned that we had a recreate the year so we'll take a look at that, to make sure that the opening numbers tie out and things like that, so that that's maybe an area of concern to us, as your external owners, but you know, hopefully everything goes smooth.

Next page I don't really have to get the next few pages are our responsibilities and management responsibilities so obviously we're going to we prepare the financial statements, so we make sure that. All the disclosures are in accordance with the updated standards and on your part, even though we do prepare the financial statements. You still have to make sure the board and management has to make sure that you are abiding by internal controls. You are abiding by provisions of contracts and things like that so as part of our testing we're going to make sure that you're in compliance. With provisions of was contracts and regulations again any issues obviously you'll know about it before the end of the process. So I mean I try to expedite it but that's really it, this is the audit plan, obviously, when we come back in

February that's the bulk of the audit and we'll have a better picture of what's going on and we could certainly update the board at that time.

MS. MCGILL: Thank you Rob, Pete do you want to initiate a vote on this.

MR. KISCHAK: Yes, I'll make a motion to accept it. Cecile?

MS. MCGILL: Cecile, do we have you there for a second?

MR. CAVANAUGH: We've lost Cecile?

MS. MCGILL: I'm going to quickly call her and just see if she can just give us a quick vote. If you can hear us if we still have you on the line we just need you to second the vote to accept the audit plan as submitted.

MR. CAVANAUGH: And then vote for it. So Cecile I don't know if you can hear us but you're muted and also your video is off. I don't know if you're hearing us or not. We can't see you or hear you with this point.

MS. MCGILL: I just text her and called her.

MS. SINGER: All right. I was having a prednisone shot and I didn't think that you wanted it to be present. All right.

MS. MCGILL: Thank you Cecile. So Rob Daniele went through the full audit plan, which is the same plan that we've had historically.

MS. SINGER: I have been listening, because it can I continue to hear right. So the audit plan sounds good, the question I have, are some of the ancillary things like the Yonkers Pier in the YEDC. How we manage all of what kind of a structure we put it in. So as you're automating, you're looking at all of the entities involved.

MR. DANIELE: Yes, because they're reported in the IDA and we also report, the YEDC separately. Just the IDA encompasses a few other items like the Yonkers Pier. So again, will I'm not sure if he's if you're collecting the rent so it's something we'll look at, to see if he has halted on his lease payments which. Some of the debt that you also saw was contingent upon receiving that income, so we look at all that, as part of the IDA audit.

MS. SINGER: All right and if our staff will go out for a minute, so we can just do our standard will have staff, please leave.

MS. SINGER: So, Fiona will pull you into an executive session.

MS. RODRIGUEZ: Yes.

MR. KISCHAK: So I guess what we have to ask for Cecile is an executive session right?

MS. MCGILL: Yes, a motion for executive session.

Mr. KISCHAK: All right, I'll make a motion for the executive session.

MS. SINGER: All right, Jim do you second it?

MS. MCGILL: So, Jim does not have voting capacity.

MR. CAVANAUGH: I'm not a member.

MS. MCGILL: Okay, so Fiona is going to pull you in you're just going to have to okay to move into the executive session room.

Ms. RODRIGUEZ: Right, so it's just going to be Cecile and Pete correct?

MS. MCGILL: Correct, right.

(EXECUTIVE SESSION)

MS. SINGER: Hello, we are back in session all right, is there any other business.

MS. MCGILL: There is no, there is no other business.

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

MR. KISCHAK: Yes, we're not missing anything, are we?

MS. MCGILL: I just want to make sure we got an original motion to accept the audit plan that. But we needed a second and prior to doing that went into executive session. So we need a second to accept the audit proposal as submitted.

MR. KISCHAK: Yes, all right so Cecile you're going to ask and I'm going to make the motion.

MS. SINGER: All right, so made a motion I second the motion and so we've accepted the order plan and the minutes and we accepted the engagement letter. I don't think there is anything else that is open.

Ms. MCGILL: We do just have to stay for the record what matter was discussed in not details, but we just need to go on record to say what was discussed in the executive session.

MS. SINGER: Right what was discussed in executive session was our or relationships. We also we discuss the Yonkers Pier we just we also discussed our as the structure of the IDA and the EDC and the reporting mechanisms and our auditors responsibilities and so that was discussed and we concluded that it was all satisfactory, we were able to resume session and we feel that we have adequately addressed all of the possible issues.

MS. MCGILL: Thank you for the record.

MS. SINGER: All right, so if there are, if there is no further business, may I have a motion to adjourn the IDA and EDC audit sessions.

MS. MCGILL: Just to note this is just closing out, this is just the IDA we're going to immediately run into YEDC for its own audit committee session.

MS. SINGER: Oh all right I wasn't sure will work alright so, then this is the IDA may I have a motion to adjourn.

MR. KISCHAK: I make that motion Cecile.

MS. SINGER: And I second that all right, we are adjourned
Adjournment.