

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

-----

AUDIT COMMITTEE MEETING

OF THE

YONKERS ECONOMIC DEVELOPMENT CORPORATION

-----

March 20, 2017  
9:42 a.m.  
470 Nepperhan Avenue  
Yonkers, New York 10701

TRANSCRIPT OF PROCEEDINGS

AGENDA

=====

- 1. Roll Call
- 2. Approval of Minutes for December 9, 2016 Meeting
- 3. Review and Discussion of Draft Audited Financial Statements for 2016
- 4. Review and Discussion of 2016 Internal Control Letter
- 5. Review and Discussion of Investment Report
- 6. Other Business
- 7. Adjournment

Reported By:

Margaret Prendergast  
902 Pleasantville Road  
Briarcliff, New York 10501

2

3 A P P E A R A N C E S

4 COMMITTEE MEMBERS

5 CECILE SINGER - CHAIRPERSON

6 MELISSA NACERINO - MEMBER

7 PETER KISCHAK - MEMBER

8

9 IDA STAFF

10 KEN JENKINS - IDA PRESIDENT

11 JAIME MCGILL - IDA EXECUTIVE DIRECTOR

12 MARY LYRAS - IDA CHIEF FISCAL OFFICER

13

14 OTHER

15 PATRICK SERENSON - YEDC ACCOUNTANT

16 CHARLES MANGIARACINA - PKF O'CONNOR DAVIES

17 ROBERT DANIELE - PKF O'CONNOR DAVIES

18

19

20

21

22

23

24

25

1 Proceedings

2 MS. SINGER: Okay. We will call the  
3 meeting of the YEDC, Yonkers Economic Development  
4 Corporation to order.

5 The Role Call?

6 MS. LYRAS: Cecile Singer?

7 MS. SINGER: Here.

8 MS. LYRAS: Melissa Nacerino?

9 MS. NACERINO: Here.

10 MS. LYRAS: And Peter Kischak?

11 MR. KISCHAK: Here.

12 MS. LYRAS: We have a quorum.

13 MS. SINGER: You have the Minutes before  
14 you. If there are no additions or corrections,  
15 may I have a motion to accept the minutes?

16 MR. KISCHAK: I have one request. My  
17 name is spelt wrong.

18 MS. SINGER: All right.

19 MR. KISCHAK: Page 2.

20 MS. LYRAS: Well, look at that.

21 MR. KISCHAK: Only on that page.

22 MS. SINGER: Are there any other  
23 corrections?

24 MR. KISCHAK: No.

25 MS. SINGER: All right. Then we'll move

1 Proceedings

2 to the Review and Discussion of the Draft Audited  
3 Financial Statement.

4 You've done a lot of the things in the  
5 outline so just go to what's salient.

6 MR. MANGIARACINO: First, I thought I'd  
7 kick off by saying it's been my pleasure to serve  
8 both the YIDA and YEDC as the audit partner. I'm  
9 on my farewell tour. Like rock stars, I'm going  
10 around and saying good-bye to all my fans.

11 MR. JENKINS: Do you get a car?

12 MR. MANGIARACINO: You don't get the  
13 gold watch.

14 MR. DANIELE: We're working on it.  
15 We're working on it.

16 MR. MANGIARACINO: I'm probably going to  
17 get somebody's footprint on the rear end or  
18 something.

19 MR. DANIELE: You'll get a picture of a  
20 car.

21 MR. MANGIARACINO: But it's true, it's  
22 been a pleasure.

23 MS. SINGER: Well, I want to say that  
24 you have been very wonderful in staying and  
25 Bennett Kelson has been very good to us in

## Proceedings

1  
2 allowing you to stay because I had such confidence  
3 in Charlie and the way that he works. So, when we  
4 had the transition, I asked him if he would stay  
5 and he was graciously --

6 MR. MANGIARACINO: You're in very good  
7 hands with Rob. Rob has inherited all my  
8 government accounts. He's actually is more  
9 immersed in it than I was.

10 MS. SINGER: But you really helped in a  
11 difficult transition. Because there are a lot of  
12 transitions here, as you can see. There are a lot  
13 of different things that are happening all of the  
14 time. And we had a good feeling about the  
15 structure and what was being produced because of  
16 you being an anchor.

17 MR. MANGIARACINO: Thank you very much  
18 for that.

19 MS. SINGER: So, we thank you.

20 MR. MANGIARACINO: So, without further  
21 adieu, we should move on. Like Rob said before  
22 with his presentation for the YIDA, there is a  
23 presentation available in front of you for YEDC  
24 for the year ending December 2016.

25 We've completed our audit. We received

## Proceedings

1  
2 the last few open items on Friday. One of which  
3 was the NBNA which was reviewed and we'll make a  
4 couple modest changes to it and incorporate that  
5 into the financial statement draft. Assuming that  
6 the draft is accepted today, we'll then date it.  
7 Right now, it is not dated. When you did the  
8 Representation Letter and dated it today, and that  
9 draft letter will reflect the same.

10 The work has been completed. Work was  
11 done in accordance with our audit plan as proposed  
12 to the committee. The financial statement was  
13 drafted and reviewed and approved by management  
14 with some changes along the way. Mary is acting  
15 like a penpal in the last couple of weeks. Very,  
16 very proactive in getting us information and very  
17 responsible in getting us information.

18 The financial statements right now have  
19 been audited to our satisfaction where we can  
20 issue an unmodified opinion on your financial  
21 statements. And we are, therefore, giving you the  
22 best opinion possible. In addition to the  
23 financial statement and opinion, we give you a  
24 report on the internal control and it's just  
25 incorporated in these documents. It's a

## Proceedings

1  
2 risk-based approach. We went through and we did  
3 our evaluations on your controls. Not to test the  
4 internal control but just to give us a framework  
5 on which we can guide ourselves through the audit.  
6 And then, we assess things. Most of the items  
7 assessed here at the YEDC were low risk items.  
8 Nothing really changes. You don't have a lot of  
9 intricate transactions or involved transactions.  
10 They're very simple. I don't mean to play it down  
11 but it's a lot simpler than the YIDA.

12 The financial highlights if you go to  
13 Page 3, I believe, of the presentation. That's  
14 the Statement of Activities, it's your Income  
15 Statement. One of the major notes, there was no  
16 longer a contract between YIDA and YEDC. So, you  
17 don't have \$70,000 in revenues from this contract  
18 nor do you have the salaries that you were paying  
19 that were related to that contract. So, that was  
20 a shrinkage, if you will, from 2015 to 2016. And  
21 the results of operation for the year were a  
22 little bit better. You went from a \$94,000 loss  
23 last year to about \$21,000 loss in 2016. Above  
24 the non-operating revenue line. And on the  
25 nonoperating revenue line, there's a new item

## Proceedings

1  
2 called -- you called it Other Income. I'm kind of  
3 struggling with that word, that tag, but it seems  
4 to be -- not related to the operations of the  
5 YEDC. And the other income is a -- basically it's  
6 a write-off of a prior year's account payable and  
7 some interest. That's about 175,000. So, if you  
8 go to the bottom, bottom line, if you had taken  
9 that 175 out of the results of operations for the  
10 year, you would have been about 81,500 profit  
11 compared to the 36 thousand eight the year before.  
12 So, operations really didn't change all that much  
13 other than that loss of the contract between YIDA  
14 and YEDC and this \$175,000 of other income.

15 The results of the year though for the  
16 change in the Net Position was 235,000. Add that  
17 to the 11 million that was there from the prior  
18 year and you come up with about 11 million 296  
19 which was the Net Position on the statement -- of  
20 the Net Position on your balance sheet.

21 On the balance sheet, there was about  
22 \$147,000 reduction in cash used for operations and  
23 other items. There was no change in the loan  
24 receivables which is your biggest asset. That  
25 would be over at the Larkin Garage and the



## Proceedings

1  
2 Warburton Well and they're all detailed in  
3 financial statements. The loans payable are being  
4 paid down according to the loan repayment  
5 schedule. And that information is detailed in  
6 Notes 3 and 5 of the financial statements. The  
7 accrued expenses on the balance sheet, if you look  
8 on -- in 2015, you'll see that 121,547 was there  
9 and now it's no longer there. That was part of  
10 that write-off that was included in the 175,000 of  
11 other income.

12 The rest of the statements are  
13 consistent with the notes. And the cash flow  
14 statements which nobody really understands, some  
15 people don't. But, we can go through those later  
16 on, if you like.

17 Required communications started on Page  
18 4 of the presentation. We presented our audit  
19 Engagement Letter, dated November 10, 2016 which  
20 was approved by the committee. We were engaged to  
21 form and express an opinion on your financial  
22 statements and obtain reasonable assurance that  
23 the financial statements are free from fraud or  
24 reporting errors that may have been out there.  
25 And then, we as the auditors, we rely on

## Proceedings

1  
2 management to make sure that things are kept in  
3 accordance with GAP. We audit that. There were  
4 no journal entries that we had to make this year.  
5 Management had a clean set of books so there were  
6 no task adjustments, no significant adjustments  
7 that were made to your financial statements.  
8 We're responsible for other items in the financial  
9 statements. Yours consist of the required  
10 supplemental information which we relied on in  
11 relation to the statements. And the other  
12 supplemental information which we don't reply on  
13 in relation to the financial statements.

14 Management's responsibilities were  
15 fulfilled in that they made sure the financial  
16 statements were presented daily in accordance with  
17 the accounting policies that were in place. They  
18 have a protective system of internal controls in  
19 place. Checks and balances, you know, with a  
20 limited staff. Pat coming in as the outside. You  
21 can say Pat is part of the internal control  
22 structure. He takes care of the accounting for  
23 the transactions at the YEDC. And then, the  
24 governance tier, those charged with governance,  
25 oversee the financial recording process and I'm

## Proceedings

1  
2 sure at meetings you make inquiries of management  
3 as to what's going on. You keep the finger on the  
4 pulse of the agency to make sure that nothing is  
5 going too far to the left or too far to the right.  
6 All of the policies that we found were in place  
7 for 2016 were also in place for 2015. There are  
8 no changes. We went through your accounting  
9 estimates. There really are no significant  
10 estimates. Your note receivables are going to be  
11 collected at some point, are forgiven. And then,  
12 the most important notes are the policies that  
13 were summarized in Note 2, the loans payable in  
14 Note 3 and the Economic Development projects which  
15 is a rather lengthy Note in Note 5.

16           There were no significant difficulties  
17 in conducting our audit. We received the full  
18 cooperation of management and the management team.  
19 There were, again, no significant journal entries  
20 to the approach which would affect the balances as  
21 reported to us with our audit. There was no  
22 disagreement with management. There were no real  
23 significant accounting policies of things we  
24 discussed other than getting information to render  
25 our opinion on your financial statements. All of

## Proceedings

1  
2 that is put together and we asked management to  
3 put a Representation Letter together which we've  
4 gotten back. It's dated today. Assuming that the  
5 committee approves the statements, then that  
6 Representation Letter will be signed as of March  
7 20, 2017. We were not made aware of any outside  
8 accountants coming in to use it as a sounding  
9 board against what we were saying on how you've  
10 gone through to make your statements in accordance  
11 with GAP. PKF O'Connor Davies is independent in  
12 relation to YEDC and therefore we are allowed  
13 under our professional standards to review your  
14 audit and render our opinion on your financial  
15 statements.

16 Any questions on the required  
17 communications?

18 (No Response.)

19 MR. MANGIARACINO: The next is the  
20 Internal Control Letter. We, again, tested your  
21 internal controls sufficient enough to assess  
22 risk, our risk in providing you our audit service  
23 on your financial statements. And we found that  
24 there were no material weaknesses internal  
25 controls based on what we saw. So, there is

## Proceedings

1  
2 nothing to report. Even a less significance, if  
3 there were, then we would have addendum with other  
4 items that would be reported in the letter.

5 On Page 10 is the Management  
6 Representation Letter which I spoke about. Again,  
7 it's just a rehashing of you reporting back to us  
8 things that we need to have represented that when  
9 we came to do the audit, what you gave to us was  
10 the factual records and all the records necessary  
11 for us to gain our understanding of what we did  
12 through the year and that the accuracy of the  
13 numbers and presentation and information in your  
14 financial statements is there. It's boilerplate  
15 for the most part. There are some particular  
16 things related to Governance. But again, there's  
17 no change in that document year over year.

18 MS. SINGER: All right. Because we're  
19 spaced accounting and because the way accounting  
20 is done and because when you have two entities  
21 like the IDA and EDC with basically the same  
22 personnel. So, how do you approach it in a  
23 different way?

24 MR. MANGIARACINO: Well, you're not  
25 running General Motors. I don't mean to be -- you

## Proceedings

1  
2 know, it's a very simple operation for the most  
3 part. Some of the things that the City of Yonkers  
4 gets involved in and your legal council and these  
5 New Market Tax Credit deals, it gets a little  
6 dicey at times. It's really not --

7 MS. SINGER: There are a lot of very  
8 complex transactions. You know, so that --

9 MR. MANGIARACINO: But the accounting  
10 part, with Pat's intervention, if you will, and  
11 him being the outside source accountant, to make  
12 sure that -- he first digests and understands all  
13 those complex transactions. And then, he records  
14 them. And then, it makes our job easier. The  
15 internal controls, I mean, you have a staff of two  
16 or three. There was not a lot of segregation of  
17 duties. But, we understand that. We gear our  
18 audit towards that. And throw Pat in, it's  
19 another layer of four. So, the risk base, I mean,  
20 again, there's not a lot of transactions. There's  
21 not a lot of intricacies to the transactions.  
22 Once you gain an understanding as to how -- what's  
23 being done and understand that, then it makes it  
24 easier to audit.

25 MS. SINGER: So then, when you would

## Proceedings

1  
2 look about it, at an entity, you would have higher  
3 risk if you have a vulnerability, to segregate  
4 duties. Of course we have very limited ability to  
5 segregate duties because of the structure of our  
6 staff.

7 MR. DANIELE: And a lot of the  
8 activities are interrelated so -- like in the  
9 YEDC, we'll see a loan payable of 2.3 million  
10 dollars and the IDA, we'll see a loan receivable.  
11 So, it helps to have the same person involved  
12 because we get the transaction to kind of off  
13 balance.

14 MR. MANGIARACINO: You also have the  
15 same auditing firm.

16 MR. DANIELE: Right.

17 MR. MANGIARACINO: I look at Rob, he  
18 looks at me and we kind of say, "All right. That  
19 number has to match."

20 MS. SINGER: Right. And so -- you had  
21 someone in addition who was not a partner who was  
22 doing audit work here.

23 MR. MANGIARACINO: Yes. We had Melissa.  
24 She is a managing partner.

25 MS. SINGER: Right.

## Proceedings

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

MR. MANGIARACINO: And then, even though Rob and I were the assigning partners on your reports, both the YIDA and the YEDC, we have a quality control partner. Nothing goes out of the firm without a second partner review who basically does it in a vacuum. He looks occasionally at our work to see that we have documentation to support our audit findings, our audit opinions. And then he looks at the financial statements to make sure that they're in accordance with the standards that are required to be presented to the board and to the outside world if they want to look at them.

MS. SINGER: Do you have any questions about the process?

MS. NACERINO: I do not.

MS. SINGER: And Pete?

MR. KISCHAK: I do not.

MS. SINGER: May I have a motion to accept the financial report as submitted? Noting that there are some additions that we might add.

MS. NACERINO: I make a motion.

MR. KISCHAK: I second the motion.

MS. SINGER: And we're not going to ask the management and employees of the IDA and EDC to



## Proceedings

1  
2 leave because we've asked all the questions and it  
3 was provided.

4 We thank you.

5 MR. JENKINS: Madame Chair, we just want  
6 to recognize this was Mary's first audit. Right?  
7 So --

8 MS. SINGER: Right, Mary. Yes, this was  
9 your baptism.

10 MS. LYRAS: Yes, by fire.

11 MR. JENKINS: By fire.

12 MS. LYRAS: Yes, it was very hectic but  
13 O'Connor Davies obviously is very professional.  
14 Rob was really great, especially Rob. I bothered  
15 him a lot.

16 MR. DANIELE: That's fine.

17 MS. LYRAS: But, great team, great  
18 people to work with. So, yes, it was --

19 MS. SINGER: And Pat.

20 MS. LYRAS: And Pat is --

21 MS. SINGER: And Pat, you promise me  
22 you're not walking out of this. Come on, Pat.  
23 We've been together a long time.

24 MR. SERENSON: Sometimes it's just time.

25 MR. JENKINS: So, after the meeting,

## 1 Proceedings

2 Madame Chair, we'll take Pat in the office so that  
3 you continue to work or you can utilize your  
4 charms on him.

5 MS. SINGER: You've heard about  
6 lock-ins.

7 We want to thank our wonderful staff and  
8 management for a clean audit. You know, it's what  
9 you look for and not having any materiality of  
10 anything and to basically have no comments about  
11 the way that it's done. So, we congratulate you  
12 for that and express our appreciation. Of course,  
13 if you or Pat are not going to be around, we're  
14 going to have to come get you. So, we made a  
15 commitment to do that. So, be very careful.

16 And we want to thank Bennet Kelson for  
17 their participation and Charlie, again, you've  
18 been here quite a while. So, you've had your own  
19 partnership and a successful one. We wish you  
20 much luck in whatever you do, wherever you go. We  
21 will remember your help.

22 MR. MANGIARACINO: Thank you very much.

23 MS. SINGER: So, if there's no further  
24 business, may I have a motion to adjourn?

25 MS. NACERINO: Motion to adjourn.

## Proceedings

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

MR. KISCHAK: Second the motion.

MS. SINGER: Thank you.

(Whereupon, the Board Meeting  
concludes at 10:00 a.m.)

2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

C E R T I F I C A T I O N

STATE OF NEW YORK )

) Ss.

COUNTY OF WESTCHESTER )

I, MARGARET PRENDERGAST, Court Reporter and Notary Public within and for the County of Westchester, State of New York, do hereby certify:

That I reported the proceedings that are hereinbefore set forth, and that such transcript is a true and accurate record of said proceedings.

AND, I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_\_ day of. \_\_\_\_\_, 2017.

\_\_\_\_\_

MARGARET PRENDERGAST