

# YEDC

*Yonkers Economic Development Corporation*

**Audit Committee Meeting**

**Minutes**

**October 15, 2012**

**Immediately following IDA Audit Committee Meeting**

**Present Committee Members**

Cecile Singer, Board Member

Michael Baratta, Board Member

**Absent Committee Members**

Martin Ball, Sr., Board Member

**Non-Committee Members Present**

Melvina M. Carter, Yonkers IDA President, CEO

Jesus A. Lopez, Yonkers YEDC CFO

Charles Mangaracina, O'Connor Davies

Pat Serenson, Accountant

**Roll Call**

Jesus Lopez, YEDC CFO called the Meeting to order at 9:05 a.m. A roll call was taken. The following Committee Members were noted to be present: Cecile Singer and Michael Baratta. A quorum was established for the conduct of business.

**Approval of Minutes for March 20, 2012**

CFO Lopez referenced the first item on the Agenda which was the Approval of Minutes for March 20, 2012. No changes were necessary to the Minutes.

A motion was made by Michael Baratta to approve the Minutes for March 20, 2012 meeting. The motion was seconded by Cecile Singer. ***Approved 2-0***

**Review and Discussion of Audit Plan**

Charles Mangiaracina, O'Connor Davies commenced the discussion with the Audit Plan and reviewed the areas of expected audit focus.

Mr. Mangiaracina advised that like in any other institution it has to be treated as high risk and go through regular channels. It has to pass the test of balances and details, internal

control reviews, the account receivables, presented no fraud risk and fixed assets presented no fraud risk. Mr. Mangiaracina advised that the restricted cash, present a moderate fraud risk, therefore it has to be submitted to review of transaction authorization and the accounts payable presented moderate risk, therefore test and review of internal controls.

Mr. Mangiaracina explained that the due to government agencies, no risk but require confirmation and review of payments between agencies as well as the bonds sponsored were consider low risk. In addition, Mr. Mangiaracina stated that there was a review of projects, minutes and payroll records.

Mr. Mangiaracina mentioned that he did not expect any issues with the YEDC since they are familiar with the account and the type of transactions. Mr. Mangiaracina explained that they would be paying attention to government agencies this due to their complexity. He then mentioned the Larking Garage and the relationship with the YEDC as an example of the complexity of the transactions.

Cecile Singer, Committee Member inquired about the IRS letter dated May 15, 2012 and the YEDC exempt status. Mr. Mangiaracina pointed out that the letter states that YEDC is not a 501 (c) (3). Mr. Mangiaracina added that the IRS is not determining whether the YEDC income is exempt from tax under section 115. Mr. Mangiaracina explained that we needed to reapply for exempt status. Mr. Mangiaracina stated that if we decided to apply under the private letter ruling we would be taking the change to be rejected and that under the letter ruling we can only apply once. Jesus Lopez, IDA CFO inquired how much would it cost for the YEDC to apply under the private letter ruling. Mr. Mangiaracina responded that could be about \$10,000 dollars and further stated that we should reapply for the exempt status under the 501(c) (3) section.

A motion was made by Michael Baratta to Approve Audit Plan. The motion was seconded by Cecile Singer. ***Approved 2-0***

NOTE: Per Harris Beach PLLC the section 115 determination is sufficient and no further action is necessary.

### **Review and Discussion of Engagement Letter**

Chairperson Singer referenced the next item on the Agenda which was the Review and Discussion of the Engagement Letter. Mr. Mangiaracina indicated that the Engagement Letter would authorize the scope of service for the Yonkers Economic Development Corporation for the year ending December 31, 2012. Mr. Mangiaracina advised that the estimated fee would be \$13,000 and the audit objective will be to review the chart risk assessment process, assessing the risk to financial statements, by performing tests and internal controls to issue a report and provide the findings to the board.

A motion was made by Cecile Singer to Approve the Engagement Letter. The motion

was seconded by Michael Baratta. *Approved 2-0*

**Review and Discussion of the 2013 YEDC Budget**

Jesus Lopez, IDA CFO reviewed the proposed budget for 2013 and highlighted that the management agreement for \$70,000 dollars was to cover the fees for services that CFO Lopez will be performing as the CFO of the YIDA. Melvina Carter, IDA CEO added that according to Shawn Griffin of Harris Beach PLLC, other IDA's are doing the same since the NYS Treasury Department does not want IDA employees working for Local Development Corporations. The NYS Treasury Department states that if an IDA employee also works for an LDC he or she may lose his/her retirement. Committee Member Singer wanted to know if this working scenario was approved by New York State. She added that we should confirm this arrangement between the LDC and IDA's was allowed. Committee Member Singer indicated that she understood that IDA employees should not work for LDC's but wanted the YIDA to confirm that YEDC employees are allowed to work for IDA's.

Committee Member Singer added that YEDC should receive a confirmation from the State regarding this issue, ensuring that CFO Lopez can work for the YEDC and at the same time perform duties for the YIDA.

A motion was made by Michael Baratta to Approve the 2013 YEDC Budget. The motion was seconded by Cecile Singer. *Approved 2-0*

**Legal Updates**

No legal updates

**Other Business**

No other business was reported

**Adjournment**

A motion to adjourn was made at 9:30 a.m. unanimously. *Approved 2-0*