

ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY

AUDIT COMMITTEE MINUTES

March 27, 2020

Via CONFERENCE CALL

10:10am- 10:58am

PRESENT: Michael Gaydos, Mary Ellen Rogulski, James DiSalvo

ALSO PRESENT: Laurie Villasuso - Chief Executive Officer, Joel Kleiman – CFO, Melanie Schouten – Chief Operating Officer, Vincent Cozzolino – Managing Director, Cathie Hunter, Kelly Reilly, Rob Unger – JGS, RJ Martucci - JGS

JGS Audit Presentation

Ms. Villasuso stated this is the Annual Audit Meeting for 2019. She went over some issues due to the COVID 19 virus and stated the New York Economic Development Council has been in contact with the ABO about delaying the submission of the PARIS reporting. Most agencies, companies and government entities are working remotely and there was an effort to postpone the March 31st deadline for PARIS reporting specifically due to the Federal and State tax deadline being pushed out to July 2020. The ABO did not revise their position. It does not have the authority to revise their position and issued a statement that since there has not been a suspension or extension of the deadline by the Executive or Legislature, IDA's are encouraged to make reasonable effort to submit required reports timely.

Ms. Villasuso stated that there is an ongoing issue with the ABO and Office of State Comptroller about old bonds and they wanted documents going back almost 20 years. Mr. Kleiman resent the final documents on 3/26/20 to the ABO so they can revise and close the 2018 Audit, in order for us to submit our 2019 Audit in a timely manner. She stated that there are a lot of moving parts that are being worked on, and if the Audit Committee approves the Audit, we will submit the report by March 31st as long as the system allows them and we will be in full compliance. In April, the full Board can accept the Audit retroactively and we will have met all the criteria.

Mr. Kleiman stated that there are 7 Financial Documents, 4 for IDA and 3 for OCFC. He stated that JGS will walk us through the documents. Mr. Unger stated that they will go over the IDA Financial Statement that includes OCFC. He stated that on page 1 of the IDA Financial Statement, which is the Independent Auditors Report, is a clean unmodified report with no findings. He then went to page 4 of the IDA Financial Statement which is a brief synopsis of the year 2019 vs 2018. He then went to page 6 which is the Statement of Net Assets. He stated that the IDA still has a very strong cash position which is about \$11.5 million. Mr. Unger went to page 22 which JGS did an examination of the investments and they are in compliance with NYS law. He went on to Accounts Receivable, there is a current and long-term portion with a little over \$3 million with the majority of that from Warwick Valley LDC, Merlin and SUNY Orange. Ms. Rogulski entered the meeting. Mr. Unger went over Prepaid Expenses, Capital Assets, Liabilities and Net Assets, Accounts Payable, Accrued Expenses, Net Assets, Unrestricted Net Assets. He went to page 7 Statement of Activities, Closing Fees, Rental Income, Grant Income, and stated that we did well with the Investment Income as the interest rates were higher, Admin. Fee's and Other Income that comes from Harris Beach. Mr. Unger went to Expenses, Projects, and Special Initiatives most involves the different Accelerator locations (PODS), Contractual Expenses, Payroll Taxes, Payroll Admin are higher due to staff being added, Rent Expenses increased, Management Fees increased, Professional Fee's increased, Advertising has come down, Depreciation Expense increased due to increase in capital assets and designated net assets such as the Youth Bureau. Overall, the IDA, due to the Business Accelerator, has changed in its net assets and have decreased \$2.9 million, the combined Net Assets are just over \$14 million. Mr. DiSalvo made a statement: The only people that need to understand that The Accelerator overspent are the members in the Legislature. Mr. Unger went to page 8 Statement of Cash Flow how funds were provided and what they were used for has a decrease of \$2.6 million. Page 9 -15 are all the footnotes to the Financial Statements with more in depth explanations. Ms. Rogulski asked about Breonics, Inc. under Accounts Receivable. She asked Ms. Villasuso to speak to Mr. Dowd about writing it off as well as Mr. Unger asked about Roadlock since it is the same. Ms. Villasuso stated she will discuss this in the April Audit Committee Meeting. Mr., Unger then went to pages 16 -21 which is the Supplemental Schedule. It shows which confirmations were sent out and who responded. Ms. Hunter stated the audit confirmation process went smoothly this year. All confirmations are back and posted in PARIS. Ms. Rogulski asked if we were going to address the FTE and PTE's and

Martucci stated that what is in the schedule is only for year 2019. Mr. Unger stated there are 3 letters that were issued to the IDA, a Governance Letter, A Management Comment Letter and an Internal Control Letter. He started with the Governance Letter which states what JGS has done for the Audit, the Management Comment Letter states if there were any findings in the Audit. Mr. Unger stated that they had a finding in the current year audit which was not finding out about Warwick Valley LDC. The Internal Control Letter also has the same finding. Ms. Rogulski asked what the comment means and what does the board need to do. Mr. Unger stated that a plan of action is taken and communicated to the accountant, so the books accurately reflect this receivable at year end. Mr. Unger brought up that 5 years ago there was an auditor rotation, and this is Mr. Unger's fifth year, he stated that Mr. Martucci is now a partner in JGS, if we wanted to have an auditor rotation.

Ms. Villasuso and Ms. Rogulski both responded with yes.

Mr. DiSalvo motioned to accept the 2019 Audit Financials; Mr. Gaydos seconded the motion. All were in favor.

IBM Audit

Ms. Villasuso stated we will talk about IBM in April. She stated that the IDA owes IBM \$570K and the Audit Committee requested that Ms. Villasuso speak to IBM and report back before the Committee goes to the board to close out the IBM Audit. Ms. Villasuso spoke to Mr. Spinei who spoke to the Tax Department about the \$570K. IBM is open to the option of having a \$570K credit from the IDA against their future payments to the IDA. Ms. Villasuso asked if the Committee was open to this suggestion and they all said yes. Ms. Villasuso stated that this will be discussed in the April meeting.

Bond Issue

Mr. Kleiman stated that all information the ABO requested was forwarded to them. The ABO has been waiting for this information in order to open up the 2018 PARIS report so Mr. Kleiman can make a correction. He is waiting for their response. Ms. Rogulski asked if this will create a hold up for the 2019 PARIS reporting. Mr. Kleiman responded yes. After discussion Mr. Kleiman will file 3 documents in PARIS, wait until the 2018 correction is done, and memorialize a letter to the ABO stating why we are not filing the 4th document.

Audit Committee Meeting ended

Audit Committee Meeting Minutes 03-27-20