

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
VIRTUAL AUDIT COMMITTEE MEETING MINUTES 2021
AGENDA
March 17, 2022

PRESENT FROM COMM: James Farley
Anthony Barresi

ABSENT: Thomas Cruso

OTHERS IN ATTENDANCE: Stephanie Castro, Jones & Little
Kathy Galway, Lead Auditor Jones & Little
Lori LaPonte, Jones & Little
Tracy Stark- James, IDA
Denise Cooper, CFO
William, Counsel

The meeting began at 11:04am.

James Farley motioned to open the meeting at 11:04 am. Anthony Baressi seconded.

Kathy Galway, partner of the firm Jones & Little made introductions. Stephanie Castro, Senior Auditor for the Agency went through the financial statements.

Stephanie noted that Jones & Little issued 3 opinions to the IDA. The first one on page one is the Independent Auditors Report which is the main opinion. The other two are in the back of the report, the report on internal controls and investment policy which was issued as a separate report, all clean opinions were issued. No findings were issued.

She noted that in opinion 1 in the second paragraph there is a discussion of an "Emphasis of a Matter" They disclosed the discussion on substantial doubt of going concern for the Agency operations which had been discussed before. Management provided evaluations and it did not affect the report. They had to include it to note that it was emphasized.

Page 4-10 is the MDA section provided by the Executive Director of the ongoings of the Agency throughout the year. It shows comparisons from year to year.

Page 11 is the Balance Sheet as of 12-31-21. Cash was up. Positive operations, cash increased. Most items typical, but something new this year in the audit is "Payable to Other Governments." This reflects PILOT payments paid to the Agency prior to year-end, but payable in 2022. Simply a timing issue. Agency had a net position of \$106,000.

Page 12 is the Income Statement. Revenue was up this year. Expenses were down a little and additional assistance of the PPP loan that was forgiven helped. Change in net position was \$68,000.

Page 13 is Statement of Cash Flows which shows activity throughout the year broken down by activity.

Page 14 is the Footnotes that are self-explanatory. The only new one is related to the LDC, there was a "due from government" which was also a timing issue. Note 3 refers to the timing issue of the PILOTs.

Note 5 is the Employee Benefit Plan and is a required disclosure by NYS even for one employee. There is a lot of information regarding trends and numbers. The big difference this year is on page 18 with deferred outflows of resources and deferred inflows. The \$112,000 is the biggest change. Last year the state had a huge pension liability figure. This year it went down significantly so that we had a decrease in pension expense. The projections were much less than the actual earnings. This is something every year that will be unpredictable. The financial statements are required to record this information.

Page 21 Notes 6 discuss commitments. Note 7 is COVID impact. Note 8 just discusses subsequent events. Page 23 is a supplemental schedule on the benefit plan reflecting trends. Page 25 is budget comparison schedule. Page 26 is the opinion on internal controls.

James Farley asked about the Going Concern and is it usual in the Agency's history? Lori LaPonte as a prior auditor on the account spoke to the history of the Agency and noted that historically the Agency had some large closings which provided a fund balance for the next few years. The Agency continued to run a very lean operation therefore the Agency had some closing revenue that kept the Agency up for a couple of years. Last year, the Agency had a going concern which will be monitored. James Farley also asked if the extensive disclosures required by NYS is only on IDA's? Anyone who is a member of NYSERS. It reflects the Agency's responsibility if something happens to NYS pension. It is cumbersome and takes away from main thrust of operations. Page 21 Note 5 explains the plans pension liability and the Agency's share. Lori further clarified that the Agency is only required to make the contribution based on the agency payroll, but we are required to disclose what could happen if the pension fund went sideways. There is a hypothetical liability that the agency has to disclose.

Counsel advised the committee that it should confirm the Town of Riverhead would be liable for continued health care benefit.

Jim Farley asked if there were any recommendations from the auditors. The auditors noted that Tracy and Denise run a tight ship and just work to cultivate more projects.

Counsel clarified and confirmed the Note on litigation.

With no further questions on this audit, James Farley motioned to recommend the audit for approval by the IDA board. Anthony Baressi seconded. The motion was adopted.

In the interest of the auditors time, James Farley motioned to recess this meeting to go into the LDC committee meeting to review that audit. Anthony Baressi seconded. The committee meeting was recessed at 11:45am.

The meeting was reopened at 11:53am by motion of James Farley and a second by Anthony Baressi.

James Farley motioned to recommend the approval of the Investment Report, the Real Property Report and the Assessment of Internal Controls. Anthony Baressi seconded. Motion approved.

James Farley motioned to recommend the approval of the Investment Guidelines Policy, Salary and Compensation and Whistleblower Policies without changes. Motion approved.

James Farley motioned to close the Audit Committee Meeting. Anthony Baressi seconded. The meeting was closed at 12:05pm