

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
HYBRID AUDIT COMMITTEE MEETING MINUTES 2024
March 13, 2025

PRESENT FROM COMM: Douglas Williams, Chairman
James Farley
Barbara Rizzi

ABSENT:

OTHERS IN ATTENDANCE: Terance Walsh, Agency Counsel (Virtual)
Brian Sawma, EFPR Group (Virtual)
Tracy Stark- James, ED IDA
Denise Cooper, CFO

Member Barbara Rizzi motioned to open the meeting. James Farley seconded. Chairman Douglas Williams opened the meeting at 2:04pm.

Presentation of the 2024 Audited Financial Statements of the Riverhead IDA by EFPR Group.

Brian Sawma introduced the engagement team from EFPR Group. Brian was responsible for supervising the field work and initial review of statements. Aaron Woodward was also a fieldwork supervisor and prepared first draft of statements before presenting to Douglas Zimmerman who did the final review and has the overall relationship with RIDA.

Field work began in early February 2025. Draft financials were initially presented on March 3rd.

Brian Sawma stated that they expect to issue an unmodified opinion which is a clean opinion on the basic financial statements. He continued stating that all records and information were available upon request. There were no difficulties performing this audit. He stated they had zero issues with management, no disagreements. Tracy and Denise were extremely helpful and very transparent. There were no instances of non-compliance.

Total Assets decreased from the prior year balance mainly due to accounts receivable. Liabilities decreased \$154,578 to a balance of \$95,120 due to a decrease in reimbursement expense deposit account and the proportionate share of the net pension liability. The IDA does not control by the net pension liability. The state values those numbers. They valued the full pension system to ultimately result in a decrease in the agency's pension liability by about \$30,000 this past year.

Collectively this resulted in a \$53,000 increase in net position to a balance of \$381,285. Operating Revenue decreased by approximately \$204,787 to \$301,787. There was only one project that closed out this past year. Operating expenses remained relatively consistent with the prior year, increasing only by

\$1,414. Non-operating revenue increased due to interest income from the new bank account with higher interest rate for a total of \$9,770.

Chairman Farley asked about the designation of a “Discretely Presented Component Unit of the Town of Riverhead?” Brian Sawma explained that the language defining the agency as a “Discretely Presented Component Unit of the Town” is a requirement of GASB. It may have been presented in the past as simply a “Component Unit” of the town. However, the Towns financials disclosed the agency as a discretely presented component unit. It was argued that the obligation to account for a component unit is the Town’s, so why is it an obligation of the IDA? Brian Sawma stated it draws attention to how the Agency is overseen. He also explained the two definitions of component units. Brian Sawma offered that they can elaborate in the notes to the financial statements that although the agency is a discretely presented component unit, there is no true financial oversight or impact on the Town’s financial statements. The ED noted that the designation does not have any material effect on the Agency. After some discussion, it was decided that the agency and accountant would reconfirm the necessity to deem it such. The Chairman requested a copy of the language and commentary on it.

Further discussion was held regarding the deposit account and outstanding receivable as uncollectible. Brian explained that leaving it on the books was considered, however, because it is an offset by a liability it is strictly only a balance sheet transaction and has no impact on the Agency’s overall position. Leaving it on the books in the condition that it is in, the standards would require the determination of collectability. The collectability is impaired which would require the Agency to write it down and it would be confusing showing a net deficit impacting the Agency. According to counsel, making this determination for purposes of accounting should have no bearing on efforts to collect it in the future. The committee requested a footnote within the financial statements that the Agency will be treating the receivable for financial clarity, but are not relinquishing claim. Brian Sawma said he would take it back to the lead auditors for review.

The Report to the Board attached to the financials is not a management letter. For purposes of the PARIS and website, the ED and CFO requested a letter on letterhead reflecting that the Agency did not receive a Management Letter.

Brian Sawma explained that the NYS Pension information reflects what the Agency would ultimately be liable for once the rest of liability would be paid by the offsetting investments to its plan. This liability is of a point and time driven by current market conditions. The Agency has no control over how they value their system, but it has to be reported on the Agency financials.

It was the committee’s decision to wait until the final revision has been drafted and to hold a brief committee meeting on the 24th to approve the final version with possible updated disclosures. No action was taken on the draft audit. If the footnote is not added, it was suggested that the agency not sign the representation letter.

The committee reviewed the Assessment of Effectiveness of Internal Controls Report. James Farley moved to accept and recommend the Assessment of Effectiveness of Internal Controls Report to the full board. Barbara Rizzi seconded. Motion carried with 3 affirmative votes.

The committee reviewed the existing Whistleblower Policy and made no recommendations for change at this time. James Farley motioned to recommend the reauthorization of the Whistleblower Policy to the full board for readoption. Barbara Rizzi seconded. The motion carried with 3 affirmative votes.

Barbara Rizzi motioned to adjourn the meeting. James Farley seconded. Motion carried with 3 affirmative votes.

The meeting adjourned at 2:45pm

Riverhead Industrial Development Agency
Assessment of the Effectiveness of Internal Controls
December 31, 2024

Objectives: The importance of an adequate system of internal control is to: (a) promote effective and efficient operations so as to help the authority carry out its mission; (b) provide reasonable, but not absolute, assurance that assets are safeguarded against inappropriate or unauthorized use; (c) promote the accuracy and reliability of accounting data and financial reporting to ensure transactions are executed in accordance with management's authorization and recorded properly in accounting records; (d) encourage adherence to management's policies and procedures for conducting programs and operations; and (e) ensure compliance with applicable laws and regulations. Furthermore, a successful system of internal control includes performing an annual assessment to identify potential weaknesses in policies or procedures and to implement corrective actions.

The internal control structure and procedures of the Agency are discussed with the external auditor on an annual basis as well as continuously reviewed by the Chief Fiscal Officer. As a result, the current internal controls provide an effective and accurate means to report financial matters.

Please refer to the report dated March 24, 2025 from our independent auditor for an assessment of our internal control structure and procedures.

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY:
STATEMENT OF INTERNAL CONTROLS
(Year Ending December 31, 2024)

Adopted by Resolution March 24, 2025

The internal control structure and procedures of the Riverhead Industrial Development Agency (the "Agency") are regularly reviewed by the officers, directors and employees of the Agency as well as by the Agency's independent accountants annually.

This statement certifies that the management of the Agency has documented and assessed the internal control structure and procedures of the Agency for the year ending December 31, 2024. This assessment found the Agency's internal controls to be adequate, and to the extent that deficiencies were identified, the Agency has developed corrective action plans to reduce any corresponding risk.

By:


Name: JAMES FARLEY
Title: Chairman