

RIVERHEAD INDUSTRIAL DEVELOPMENT AGENCY
VIRTUAL AUDIT COMMITTEE MEETING MINUTES 2024
March 22, 2024

PRESENT FROM COMM: Douglas Williams, Chairman

James Farley
Lori Ann Pipczynski

ABSENT:

OTHERS IN ATTENDANCE: Stephanie Castro, Jones & Little

Kathy Galway, Jones & Little
Tracy Stark- James, ED IDA
Denise Cooper, CFO
Terance Walsh, Agency Counsel

Committee Member James Farley motioned to open the meeting. Member Lori Ann Pipczynski seconded. Chairman Douglas Williams opened the meeting at 9:09am.

Kathy Galway, partner of the firm Jones & Little, introduced herself and Stephanie Castro. This is Stephanie's fifth year on the Agency audit. Stephanie Castro, Senior Auditor for the Agency, went through the financial statements with the committee.

Stephanie noted that Jones & Little issued an unqualified clean opinion, noting that the last couple of years there was a going concern. This year that was not the case. Jones & Little did issue a segment of the opinion under Emphasis of Matter regarding pending litigation. That is discussed in the footnotes. The Management Discussion Analysis (MDA) shows where the financial numbers fall and provides an explanation of what is going on in the Agency. The Net position was up \$234,000 from the year before. The condensed income statement reflects comparison to the year before. Operating revenues increased by \$326,000. The increase in revenue is a result of closed project fees and an increase in the fee schedule.

The auditors also go through a budgetary analysis. Actual revenue came in much higher than budgeted, mostly due to the additional project closings. Expenses were a little more than budgeted. That is a result of the required NYS Retirement System Pension Liability Deferred Inflow/Outflow. The agency came in \$317,000 over what had been budgeted.

Stephanie explained the Reimbursed Expense Deposit to the committee covering the Preliminary Agreement with the CAT/TOR Application. The charges for completed due diligence regarding the project do not show up as expenses on the income statement because it is an in and out on the balance sheet. Forty five thousand remains in the account and the Agency invoiced the applicant at the end of the year as per the agreement. She explained the economic outlook for the Agency looks stable. Jones & Little spoke to each attorney representing the agency regarding the litigation with Calverton Aviation and

Technology and determined the exposure is minimal if any. Therefore, they did not need to modify their opinion as a result, but they did footnote it.

James Farley asked what a component unit of the Town of Riverhead means. It was explained that the agency falls under the Town of Riverhead. The IDA is its own agency, but the Town of Riverhead reports the agency's activities in its financial statements. The town also reports the LDC. It is understood that the statements are separately stated. It is a public benefit corporation that has to be sponsored by a municipality and approved by NYS. The Town has the legal right to replace the board of directors.

The ED explained again that the NYS Retirement section required by GASB 68 is hypothetical and reflects the agency's contribution to the state should the NYS Retirement system fail. It's a balance sheet item that changes every year. It's not a true expense of the Agency. Much of the required reporting footnotes for the Pension Liabilities comes from the KPMG audited report of the retirement system. To clarify, Member Farley restated that we have two items; an annual cash contribution to the pension fund as determined by the NYS plan administrators and secondly, the agency has to carry a liability for NYS management of the pension in the event of fund failure. The liability is driven by the KPMG audit of the retirement fund and changes every year and the shift in liability races through the agency P&L.

Stephanie then noted the opinion on internal control of financial reporting was all good and clean. There is another opinion on the investment policy, a one page opinion that was also clean.

The governance letter is really for the audit committee from Jones & Little to notify them that there were no problems in drafting the audit, that management was very cooperative and timely. She noted that Denise is very thorough and they are able to meet there timelines.

Recognizing a time constraint on behalf of the auditors, the committee recessed the meeting to review the LDC audit. Lori Ann Pipczynski motioned to recess the committee meeting. James Farley seconded. The meeting was recessed at 9:47am.

At 9:55am Lori Ann Pipczynski motioned to resume the IDA Audit Committee meeting. James Farley seconded.

With no further questions, Lori Ann Pipczynski motioned to recommend approval of the audit and the reports to the full board. James Farley seconded. The audit, investment guidelines policy and report, salary and compensation policy, whistleblower policy, real property report and assessment of internal controls were approved to recommend to the full board for consideration. Vote: 3 Yes

Lori Ann Pipczynski motioned to adjourn the meeting. James Farley seconded. The meeting closed at 9:56am.