

AGENDA

**NASSAU COUNTY INTERIM FINANCE AUTHORITY
AUDIT AND INTERNAL CONTROLS COMMITTEE MEETING
WEDNESDAY, OCTOBER 15, 2014 – 4:00 PM
MARRIOTT LONG ISLAND HOTEL & CONFERENCE CENTER
101 JAMES DOOLITTLE BLVD., UNIONDALE, NY 11553**

Call to Order

Action Items

- I. Approval of Minutes of September 10, 2014 Meeting

- II. Authorization to Hire McGladrey as Independent Financial Auditors for the Authority and the Taking of Related Actions

Discussion Items

- III. Nine Month's Budget Versus Actual Results (September 30, 2014)

Adjournment

DRAFT – SUBJECT TO REVIEW AND REVISION

NASSAU COUNTY INTERIM FINANCE AUTHORITY
MINUTES OF THE MEETING OF THE
AUDIT AND INTERNAL CONTROLS COMMITTEE
HELD ON SEPTEMBER 10, 2014

Pursuant to a notice dated August 28, 2014, the Audit and Internal Controls Committee (“Committee”) of the Nassau County Interim Finance Authority (“NIFA”) was convened at 4:47 PM, at the Marriott Long Island Hotel & Conference Center located at 101 James Doolittle Blvd, Uniondale, NY 11553.

The following members of the Audit and Internal Controls Committee of the Authority were present:

Christopher Wright, Chairman
John Buran
Jon Kaiman
Lester Petracca

Also present were Paul Annunziato, NIFA Director; Paul Leventhal, NIFA Director; Dermond Thomas, NIFA Director; Evan Cohen, Executive Director; Maria Kwiatkowski, Deputy Director; Jeremy Wise, General Counsel; Carl Dreyer, Treasurer; and Laurie Boucher, Corporate Secretary.

Upon determining that a quorum was present, the meeting was called to order.

Chairman Christopher Wright stated that the first item on the agenda was a resolution to approve the minutes of the June 18, 2014 meeting.

Upon motion duly made and seconded, the following resolution was approved unanimously.

Resolution No. 14-42

**APPROVAL OF MINUTES AND RATIFICATION OF ACTIONS TAKEN AT THE JUNE 18, 2014
AUDIT AND INTERNAL CONTROLS COMMITTEE MEETING OF THE NASSAU COUNTY
INTERIM FINANCE AUTHORITY**

RESOLVED, that the Minutes of the Audit and Internal Controls Committee meeting held on June 18, 2014, are hereby approved and all actions taken by the Directors present at such meeting, as set forth in such Minutes, are hereby in all respects ratified and approved as actions of the Authority.

* * *

Chairman Wright stated that NIFA plans on hiring an outside auditor in the near future but is waiting to see who the County hires first.

Chairman Wright stated the next item on the agenda was a resolution to review and approve NIFA's multi-year financial plan.

NIFA's Treasurer, Carl Dreyer, presented NIFA's proposed financial plan for FY 2015-2018 to the Audit and Internal Controls Committee for their review and approval.

Upon motion duly made and seconded, the following resolution was approved unanimously.

Resolution No. 14-43

**APPROVE SUBMISSION OF NIFA'S 2015 BUDGET AND FY 2015 – FY 2018 FINANCIAL PLAN TO
THE OFFICE STATE COMPTROLLER AND THE AUTHORITIES BUDGET OFFICE TO COMPLY
WITH 2 NYCRR, PART 203 AND THE TAKING OF RELATED ACTIONS**

RESOLVED, that the materials presented to this meeting (the "Materials") are ordered to be filed with the records of the Audit and Internal Controls Committee ("Committee") of the Nassau County Interim Finance

Authority; and be it further

RESOLVED, that the Committee acknowledges enactment of 2 NYCRR, Part 203 (the “Regulations”) and its requirement that the Directors of the Nassau County Interim Finance Authority receive, review and approve a proposed Budget for FY 2015 (“Budget”) and a proposed Financial Plan for FY 2015 – FY 2018 (“Plan”); and be it further

RESOLVED, that the Committee hereby conditionally approves the Budget and Plan subject to the conditions outlined in the Materials; and be it further

RESOLVED, that the Committee recommends to the Directors that they approve the Budget and Plan so that they may be disclosed and subsequently, if no negative comments from the public are received, officially filed with the State Comptroller and any other necessary parties.

* * *

The Chairman then entertained a motion to adjourn. Upon motion duly made and seconded, the members voted unanimously to adjourn the meeting at 4:51 PM.

Respectfully submitted,

Laurie A. Boucher
Corporate Secretary

NASSAU COUNTY INTERIM FINANCE AUTHORITY
Audit and Internal Controls Committee

FOR CONSIDERATION

October 15, 2014

TO: Christopher Wright

FROM: Evan Cohen

SUBJECTS: Selection of Independent Financial Auditors

REQUEST FOR: Authorization to Hire McGladrey LLP as Independent Financial Auditors for the Authority and the Taking of Related Actions.

Introduction:

You are being asked to take action in connection with the employment of McGladrey LLP as NIFA's independent auditors for fiscal years 2014-2018.

Discussion:

The Nassau County Interim Finance Authority ("NIFA") Act requires NIFA to conduct an annual financial audit performed by an independent certified accountant. The audit report is required to be sent to the County Executive and various State officials. The scope of the audit includes a review of NIFA's financial statements and compliance with State investment guidelines.

On March 10, 2014 NIFA advertised in the "New York State Contract Reporter" for the services of an independent financial auditor and indicated that a Request for Proposals ("RFP") was available and had to be completed and returned by April 4, 2014. Ultimately, five firms submitted proposals (each, a "Firm").

A three-person NIFA team reviewed the responses to the RFP. Each team member independently read and scored each response according to a uniform selection scoring system. McGladrey LLP was chosen as having the best overall package even though each Firm was deemed as qualified.

Fees:

McGladrey LLP has quoted us the following fees, plus disbursements: \$32,150 for fiscal year 2014, \$32,150 for fiscal year 2015; \$32,150 for fiscal year 2016; \$34,400 for fiscal year 2017; and \$34,400 for fiscal year 2018.

During the term of this engagement, McGladrey LLP may also need to approve the inclusion of the Authority's financial statement in NIFA's offering circulars. This review will be charged at an additional rate, up to a maximum of \$10,000 for each offering.

Requested Action:

Submit a resolution of this Committee requesting the Directors to authorize the Chairman of NIFA or his designee(s) to negotiate and execute a contract for the services of McGladrey LLP as NIFA's independent financial auditing firm to conduct an audit of NIFA's books and records for fiscal years 2014 through 2018, substantially upon the terms and conditions outlined in these materials.

Attachment: Resolution

NASSAU COUNTY INTERIM FINANCE AUTHORITY
Audit and Internal Controls Committee

RESOLUTION NO. 14-45

AUTHORIZATION TO EMPLOY MCGLADREY LLP AS INDEPENDENT FINANCIAL
AUDITORS FOR THE AUTHORITY AND THE TAKING OF RELATED ACTIONS.

RESOLVED, that the materials presented to this meeting (the “Materials”) are ordered to be filed with the records of the Nassau County Interim Finance Authority (“NIFA”); and be it further

RESOLVED, that in accordance with the Materials, the Chairman or his designee(s) are hereby authorized to select McGladrey LLP as NIFA’s independent financial auditing firm; and be it further

RESOLVED, that the Chairman or his designee(s) are hereby further authorized to hire and pay McGladrey LLP for services related to inclusion of NIFA’s audited financial statements in any offering circulars related to the issuance of NIFA’s bonds or notes at the maximum rate of \$10,000 per offering; and be it further

RESOLVED that the Chairman or his designee(s) are further authorized to take all actions deemed necessary or appropriate to present the findings and recommendations of this Committee to the full Board of NIFA Directors.

Christopher Wright
Chairperson

October 15, 2014

Nassau County Interim Finance Authority
Operating Revenues and Expenses Year to Date vs Annual Budget
at September 30, 2014

Cash Basis, Unaudited

	Adopted Annual Budget		2014 YTD	Remaining Budget
Beginning Cash Balance January 1, 2014			\$ 742,857	
Revenues				
Sales Tax Receipts	1,077,090,055		740,982,694	
Less Sales Tax Transferred to County	890,947,484		601,445,016	
Less Debt Service Deposits	184,183,571		138,537,678	
Sales Tax Retained by NIFA	1,959,000		1,000,000	(959,000)
Interest Income				
Bond & Debt Service Accounts			1,562,849	
Less Bond Interest Transferred to County			(4,082)	
Bond Interest Retained for Debt Service			1,558,769	
Operating Account Interest	1,000		153	(847)
NYS Archives Grant			-	
Total Revenues	\$ 1,960,000		\$ 1,000,153	\$ (959,847)
Expenses				
NIFA Operating Expenses				
Salaries and Benefits	1,257,243		741,366	515,877
Furniture & Equipment	7,000		-	7,000
Rent	139,350		102,044	37,306
Telephone & Communications	7,524		5,539	1,985
Professional Fees	66,773		51,911	14,862
Insurance	1,448		1,169	279
Other	30,662		20,570	10,092
Total Operating Expenses	\$ 1,510,000		\$ 922,599	\$ 587,401
Control Period Expenses				
Skadden Arps ¹	450,000		138,744	311,256
Grant Thornton	-		-	-
Bond Schoeneck	-		126,628	(126,628)
Meeting	-		\$ -	-
Total Control Period Expenses	450,000		265,372	184,628
Total Expenses	\$ 1,960,000		\$ 1,187,971	\$ 772,029
Contingency for Change in NIFA Status	-		-	-
Revenues Over (Under) Expenses	\$ -		\$ (187,819)	(187,819)
Ending Cash Balance (YTD)			\$ 555,039	
Footnotes:				
1. Skadden Arps expenses have been netted by reimbursement received from State Comptroller which to date total \$44,040.				