

**JOINT AUDIT COMMITTEE MEETING OF
THE NYC MUNICIPAL WATER FINANCE AUTHORITY & NYC WATER BOARD
MAY 11, 2021**

>> GOOD MORNING. I'M MAX VON HOLLWEG, AS YOU KNOW, THE CHAIR OF THE JOINT AUDIT COMMITTEE OF THE WATER FINANCE AUTHORITY AND THE WATER BOARD. AND I'D LIKE TO ASK, KIND OF JUST REMIND PARTICIPANTS IF THEY COULD KEEP THEIR PHONES MUTED UNLESS THEY'RE SPEAKING. AND I'D NOW ASK DEB IF SHE COULD BEGIN THE MEETING BY CALLING THE ROLL.

>> CONDUCTING THE ROLL CALL. MAX VON HOLLWEG?

>> I'M HERE.

>> ALFONSO CARNEY JUNIOR?

>> PRESENT.

>> BASIL SEGGOS?

>> SELVIN SOUTHWELL FOR BASIL SEGGOS.

>> MARK SHAW?

>> I'M HERE.

>> ADAM FREED?

>> HERE.

>> WE HAVE A QUORUM.

>> GREAT. WELL, THE FIRST ITEM OF BUSINESS, AS ALWAYS, IS A CALL FOR A RESOLUTION TO APPROVE THE MINUTES OF OUR LAST MEETING, WHICH WAS OCTOBER 14TH OF LAST YEAR. THOSE MINUTES OF THE MEETING HAVE BEEN CIRCULATED TO EVERYBODY FOR THEIR REVIEW. ARE THERE ANY COMMENTS OR CORRECTIONS THAT ANYONE HAS? IF NOT—

>> MR. CHAIRMAN, I'LL MOVE APPROVAL.

>> OH, THANK YOU. TO MOVE APPROVAL OF THE RESOLUTION. SO MOVED. DO I HAVE A SECOND?

>> SECOND, SECOND.

>> THANK YOU. I'LL NOW CALL THE ROLL FOR A VOTE. MR. CARNEY, HOW DO YOU VOTE?

>> IN FAVOR.

>> MR. SOUTHWELL?

>> IN FAVOR.

>> MR. FREED?

>> APPROVE.

>> AND, MR. SHAW?

>> APPROVE.

>> AND I VOTE IN FAVOR OF THE RESOLUTION AS WELL. THAT RESOLUTION IS HEREBY ADOPTED. THE NEXT ITEM OF BUSINESS IS THE SELF-EVALUATION AND REVIEW OF THE ANNUAL REPORT OF THE AUDIT COMMITTEE. THIS IS PURSUANT TO OUR AUDIT COMMITTEE CHARTER. EVERY YEAR WE'RE REQUIRED TO PERFORM A SELF-EVALUATION OF OUR FUNCTIONS. AND WE'VE INCLUDED IN THE MATERIALS THAT HAVE BEEN CIRCULATED A REPORT OF OUR ACTIVITIES DURING CALENDAR YEAR 2020, WHEN, AS USUAL, WE MET, IN MAY, AS WE'RE MEETING NOW, AND WE MET LATER IN OCTOBER TO APPROVE THE AUDIT. THE PROPOSED RESOLUTION WOULD EXPRESS THE COMMITTEE'S OPINION THAT WE'RE FUNCTIONING IN A SATISFACTORY MANNER AND WOULD AUTHORIZE THE REPORT TO BE PRESENTED TO THE WATER AUTHORITY BOARD OF DIRECTORS AND ALSO TO THE WATER BOARD. DOES ANYONE HAVE ANY QUESTIONS REGARDING THE REPORT OF OUR ACTIVITIES IN 2020? IF NOT, I'LL CALL FOR—IF SOMEONE COULD MOVE THE RESOLUTION.

>> I MOVE APPROVAL, MR. CHAIRMAN.

>> AND DO I HAVE A SECOND?

>> SECOND.

>> THANK YOU. I WILL NOW CALL THE ROLL FOR A VOTE. MR. CARNEY, HOW DO YOU VOTE?

>> IN FAVOR.

>> MR. SOUTHWELL?

>> IN FAVOR.

>> MR. FREED?

>> IN FAVOR.

>> MR. SHAW?

>> IN FAVOR.

>> AND I, TOO, VOTE IN FAVOR. THAT RESOLUTION IS HEREBY APPROVED. THE NEXT ITEM ON THE AGENDA IS A REVIEW ITEM, AND IT'S A REVIEW OF THE INTERNAL CONTROLS MANUALS OF BOTH THE WATER AUTHORITY AND THE WATER BOARD. THIS IS DONE PURSUANT TO SECTION 2H OF OUR JOINT CHARTER, AND WE'RE CHARGED WITH REVIEWING THE RESPECTIVE INTERNAL CONTROL POLICIES OF BOTH THE AUTHORITY AND THE WATER BOARD EVERY YEAR. NOW, THE MOST RECENTLY UPDATED

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POLICIES HAVE BEEN CIRCULATED TO THE COMMITTEE. THERE ARE NO PROPOSED CHANGES TO THE WATER BOARD'S POLICY, BUT THERE ARE SOME CHANGES PROPOSED TO THE AUTHORITY'S POLICY, AND A BLACK LINE OF THE CHANGES HAS BEEN PROVIDED IN THE MATERIALS EVERYONE'S HAD TO REVIEW. AND BOB BALDUCCI, THE COMPTROLLER OF THE AUTHORITY, AND OMAR NAZEM, THE TREASURER OF THE WATER BOARD, ARE AVAILABLE TO ANSWER ANY QUESTIONS REGARDING THOSE CHANGES. ARE THERE ANY QUESTIONS?

>> NO QUESTIONS, MR. CHAIRMAN, HERE. THIS IS CARNEY. I DO HAVE A—

>> THAT'S GREAT. YES?

>> IT'S ON PAGE 25 OF 30, OR PAGE 9 OF THE FINANCIAL ACCOUNTING. I'M SORRY. THE SUBTITLE IS "FINANCIAL ACCOUNTING AND REPORTING." I READ THESE THINGS. FORGIVE ME FOR THAT. HA HA! BUT IN THE PARAGRAPH THAT FOLLOWS THE SUB-SUBTITLE "RECORDING BOND ISSUANCE COSTS," THE LAST FULL SENTENCE IN THAT PARAGRAPH BEGINS "PAYMENTS AFTER THE CLOSING DATA PROCESSED IN THE SAME MANNER AS ALL OTHER INVOICES AS DESCRIBE." IT SHOULD BE "DESCRIBED," I THINK, "IN MORE DETAIL IN THE VENDOR PAYMENT SECTION..." OF THIS MANUAL. FORGIVE ME FOR NITPICKING TO THAT DEGREE. BUT WHOEVER DID THIS DID A FINE JOB. EVERY ONCE IN A WHILE, YOU JUST MISS ONE.

>> GOOD MORNING, CHAIR. GOOD MORNING, MEMBERS. IS IT OK IF WE MAKE THAT CHANGE HERE AND JUST SUBMIT THIS AS I'LL AMEND IT?

>> YES, BOB, OF COURSE.

>> OK.

>> YES.

>> AND THERE WAS ACTUALLY ANOTHER ONE I SAW WHERE WE SAID WE EMAILED--WE SAY WE SUBMIT BY EMAIL. IT SHOULD BE BY EMAIL, AND IT SAYS "EMAILED," SO I WOULD LIKE TO TAKE OUT THE "-ED" AND MAKE THAT CHANGE.

>> SO WE'LL USE THAT "D" HERE.

[LAUGHTER]

>> GOOD CATCH.

>> GOOD. OK. THANK YOU. WE'LL MAKE THOSE CHANGES, AND THIS WILL BE OUR—

>> THANK YOU, BOB.

>> THANK YOU.

>> IF THERE ARE NO OTHER QUESTIONS OR COMMENTS, WE CAN MOVE ON TO THE NEXT ITEM. AS I SAID, NO RESOLUTION IS REQUIRED. THIS IS A REVIEW ITEM ONLY. THE NEXT ITEM ON OUR AGENDA IS THE PRESENTATION OF THE AUDIT PLAN, INCLUDING A DISCUSSION OF ANY NEW ACCOUNTING AND

AUDITING STANDARDS. GRANT THORNTON, THE WATER AND SEWER SYSTEM'S INDEPENDENT AUDITORS, ARE HERE TO PRESENT THEIR AUDIT PLAN FOR FISCAL YEAR 2021, AND I'D NOW LIKE TO TURN IT OVER TO BOB BALDUCCI TO INTRODUCE THE AUDITORS. AND TAKE IT FROM HERE, BOB.

>> YES. HI. SO I JUST WANT TO REMIND EVERYONE GRANT THORNTON, LAST YEAR WAS OUR NEW AUDITORS ON THE ENGAGEMENT. IT WAS A VERY SMOOTH TRANSITION, AS I'VE EXPERIENCED, WHEN WE TRANSITION TO A NEW AUDITOR. AND WE WOULD LIKE TO WELCOME BACK THE ENGAGEMENT PARTNER, NICHOLAS LAZZARUOLO. HE'LL INTRODUCE HIS TEAM, AND HE WILL PRESENT THE AUDIT PLAN. NICHOLAS?

>> GREAT. THANK YOU, BOB. AND GOOD MORNING, MR. CHAIRMAN AND JOINT AUDIT COMMITTEE MEMBERS. IT'S GREAT TO BE WITH YOU THIS MORNING. ON BEHALF OF GRANT THORNTON, MY NAME IS NICK LAZZARUOLO. AS BOB MENTIONED, I AM THE ENGAGEMENT PARTNER FOR THIS AUDIT. I'M JOINED BY MARLA HUMMEL. MARLA IS THE OVERALL ENGAGEMENT PARTNER FOR THE CITY OF NEW YORK, AND SHE SUPPORTS ME AND FOR PURPOSES OF THIS ENGAGEMENT. I'M ALSO JOINED BY TWO OF OUR AUDIT MANAGERS, BENJAMIN KLEIN AND KYLE CHUBER, WHO YOU'LL BE HEARING ABOUT LATER AS WE GO THROUGH OUR PRESENTATION. AND SPEAKING OF OUR PRESENTATION, I KNOW YOU GUYS HAVE HAD THE OPPORTUNITY TO RECEIVE THE MATERIALS IN ADVANCE. SO WHAT I'M GOING TO DO IS JUST HIGHLIGHT SOME KEY AREAS AND THEN REALLY OPEN IT UP TO ANY QUESTIONS THAT YOU MAY HAVE ON ANYTHING THAT WE COVER OR ANYTHING THAT, YOU KNOW, THROUGH YOUR READING, YOU'D LIKE TO ASK ABOUT. SO I'LL BEGIN BY JUST DISCUSSING, REALLY, OUR RESPONSIBILITIES. AND SO WE WILL BE PERFORMING AN AUDIT OF THE COMBINING FINANCIAL STATEMENTS OF THE NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY AND THE NEW YORK CITY WATER BOARD AS OF AND FOR THE YEAR ENDED JUNE 30, 2021. AS PART OF OUR AUDIT, WE WILL THEN BE EXPRESSING AN OPINION ON THOSE FINANCIAL STATEMENTS. IN ADDITION TO THE OPINION ON THE FINANCIAL STATEMENTS, WE'RE ALSO REQUIRED TO READ THE INFORMATION INCLUDED WITHIN THE ANNUAL REPORT AS WELL AS THE OTHER REQUIRED SUPPLEMENTARY INFORMATION TO ENSURE THAT IT IS MATERIALLY CONSISTENT WITH THE INFORMATION THAT'S INCLUDED WITHIN THE COMBINING FINANCIAL STATEMENTS. WE ARE ALSO REQUIRED TO COMMUNICATE ANY IDENTIFIED ABUSE OR FRAUD THAT MAY COME TO OUR ATTENTION DURING THE COURSE OF OUR AUDIT AS WELL AS ANY MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING AS WELL AS REPORTING ANY MATERIAL NON-COMPLIANCE RELATED TO LAWS, REGULATIONS, CONTRACTS AND/OR GRANT AGREEMENTS. IN ADDITION AS PART OF THIS PRESENTATION, IN ACCORDANCE WITH OUR PROFESSIONAL RESPONSIBILITIES, WE ARE REQUIRED AS YOUR EXTERNAL AUDITORS TO NOW TURN THE DISCUSSION OVER TO YOU AS A COMMITTEE AND ASK YOU EXPLICITLY, ARE ANY MEMBERS OF THE JOINT AUDIT COMMITTEE AWARE OF ANY ABUSE OR FRAUD THAT OCCURRED DURING THE YEAR THAT COULD POTENTIALLY IMPACT THIS AUDIT WORK PLAN?

>> THANK YOU. THIS IS CARNEY. NO.

>> AND THIS IS MAX VON HOLLWEG. NO.

>> THIS IS ADAM. NO.

>> GREAT.

>> MARK SHAW. NO.

>> SELVIN SOUTHWELL. NO.

>> HEARING ALL COMMITTEE MEMBERS, THANK YOU VERY MUCH. WE APPRECIATE THAT. NOW JUST TO REITERATE OUR AUDIT APPROACH. AND SO AS BOB MENTIONED, LAST YEAR WAS OUR FIRST YEAR AS THE AUDITORS FOR THESE COMBINING FINANCIAL STATEMENTS. AND SO WE HAD TO REALLY OBTAIN AN UNDERSTANDING OF THE INTERNAL CONTROL ENVIRONMENT. NOW THAT WE HAVE AN UNDERSTANDING OF THE INTERNAL CONTROLS, WHAT WE DO AS PART OF OUR PLANNING PROCESS IS REALLY UPDATE OUR UNDERSTANDING TO SEE IF THERE WERE ANY CHANGES TO THE CONTROL ENVIRONMENT THAT COULD POTENTIALLY IMPACT OUR AUDIT PROCEDURES. FROM THAT STANDPOINT, WE THEN PERFORM A RISK ASSESSMENT THAT FOCUSES ON THE AREAS WITHIN THE COMBINING FINANCIAL STATEMENTS THAT WE FEEL COULD POTENTIALLY LEAD TO MATERIAL MISSTATEMENT. FROM THAT STANDPOINT, WE DETERMINE WHAT WOULD BE THE APPROPRIATE MATERIALITY BENCHMARK FOR THIS AUDIT. AND THEN ONCE MATERIALITY IS ESTABLISHED, WE THEN DESIGN OUR AUDIT PROCEDURES BOTH FROM A CONTROLS AND A SUBSTANTIVE TESTING STANDPOINT TO ENSURE THAT WE'RE FOCUSING ON THOSE AREAS THAT COULD POTENTIALLY LEAD TO MATERIAL MISSTATEMENT. AND IN SPEAKING IN TERMS OF MATERIALITY, THE BENCHMARK THAT WE'RE USING FOR THIS YEAR'S FINANCIAL STATEMENT AUDIT IS TOTAL EXPENSES. AND THAT BENCHMARK IS CONSISTENT WITH THE PRIOR YEAR. IN ADDITION, WHEN WE THINK ABOUT THE TIMELINE OF THIS AUDIT, THE TIMELINE OF THE AUDIT IS CONSISTENT WITH THE PRIOR YEAR. SO WE ARE CURRENTLY IN THE PROCESS OF OUR PLANNING PROCEDURES WITH MANAGEMENT. THEN OUR I.T. AUDIT PROFESSIONALS WILL BE COMING OUT TO THE FIELD TO PERFORM THEIR WORK ON THE FINANCIAL REPORTING SYSTEMS OF THE NEW YORK CITY FINANCE AUTHORITY AND WATER BOARD. AND THEN, FROM THERE, WHAT WE'LL DO IS WE'LL BE EVALUATING THE INTERNAL CONTROL ENVIRONMENT AND PERFORMING OUR SUBSTANTIVE TESTING PROCEDURES IN THE AUGUST/SEPTEMBER TIMEFRAME, AND THEN LOOK TO CONCLUDE THIS AUDIT AROUND THE END OF SEPTEMBER TO ENSURE THAT WE MEET THE APPROPRIATE DEADLINES THAT HAVE BEEN ESTABLISHED. OUR CLIENT SERVICE TEAM IS CONSISTENT FROM PARTNER THROUGH MANAGER. SO, MYSELF, MARLA, BOTH KYLE AND BENJAMIN, WERE ALL PART OF THE ENGAGEMENT TEAM LAST YEAR. AND SO THAT KNOWLEDGE THAT WE GAINED LAST YEAR IN WORKING WITH BOB AND NAMECA AND THE REST OF THE TEAM WILL BE TRANSFERRED OVER, AS WELL AS OUR I.T. AUDIT PROFESSIONALS. THEIR TEAM IS CONSISTENT AS WELL. SO, BEFORE I TURN IT OVER TO MY MANAGER, KYLE CHUBER, TO GO THROUGH SOME OF THE SIGNIFICANT AREAS OF FOCUS, I WANT TO PAUSE AND SEE, DOES ANYONE HAVE ANY QUESTIONS WITH ANYTHING THAT I'VE COVERED THUS FAR?

>> MR. LAZZARUOLO, THIS IS CARNEY. YOUR MATERIALITY PAGE, I GOT IT. THE TOTAL EXPENSES ARE THE APPROPRIATE BENCHMARK, BUT WHEN I READ IT, MY FIRST THOUGHT WAS AND WAS MY FIRST QUESTION WAS, WHAT OTHER, FOR THIS PARTICULAR AUDIT, ARE THERE OTHER POSSIBLE BENCHMARKS THAT YOU MIGHT HAVE CONSIDERED? IT'S AN HONEST QUESTION. I HAVE NO IDEA WHAT ELSE THERE MIGHT HAVE BEEN THAT YOU WOULD LOOK AT TO DETERMINE MATERIALITY.

>> YEAH, NOW, THAT'S A GREAT QUESTION. AND SO TWO OTHER POTENTIAL OPTIONS FOR MATERIALITY BENCHMARKS COULD BE THE REVENUES AS WELL AS THE ASSETS. BUT IN UNDERSTANDING THE OVERALL OPERATIONS OF THESE COMBINING FINANCIAL STATEMENTS OF THE WATER BOARD AND THE FINANCE AUTHORITY, WE FELT THAT TOTAL EXPENSES IS MOST INDICATIVE OF OPERATIONS AND THEREFORE THE APPROPRIATE BENCHMARK TO UTILIZE.

>> OK, FAIR ENOUGH. AND THANK YOU.

>> BOB? OK.

>> HEARING NO OTHER QUESTIONS FOR THE TIME BEING, I'M NOW GOING TO TURN IT OVER TO KYLE, AND HE'S GOING TO TALK ABOUT SOME OF THOSE SIGNIFICANT AREAS OF AUDIT FOCUS. SO, KYLE?

>> THANK YOU, NICK. AND GOOD MORNING, EVERYONE. AS NICK MENTIONED, I'M GOING TO BE GOING THROUGH THE NEXT COUPLE OF SLIDES, JUST THE SIGNIFICANT RISKS AND OTHER AREAS OF FOCUS FOR OUR CURRENT YEAR AUDIT. SO THE FIRST AREA OF FOCUS IS BILLED AND UNBILLED REVENUE AND RECEIVABLES, SPECIFICALLY THE WATER SUPPLY AND DISTRIBUTION AND SEWER COLLECTION AND TREATMENT REVENUE. IN ORDER TO TEST THESE REVENUES, WE PERFORM A REASONABLENESS TESTING ON THE RELATED REVENUE AND RECEIVABLES BY UTILIZING DATA PROVIDED BY THE SYSTEM, SUCH AS WATER CONSUMPTION FOR THE YEAR, AS WELL AS COMBINED WATER AND SEWER RATE. WE THEN PERFORMED DETAILED SUBSTANTIVE TESTING ON A SAMPLE OF THESE TRANSACTIONS AND REVIEWED KEY SUPPORTING DOCUMENTS, SUCH AS INVOICES, CHECK COPIES, AS WELL AS METER READS. WE THEN GAINED AN UNDERSTANDING OF THE ALLOWANCE METHODOLOGY AS WELL AS THE RESERVE AMOUNTS UTILIZED WITHIN THIS CALCULATION. AND WE RECALCULATE THIS BALANCE JUST TO ENSURE REASONABLENESS AT YEAR END. WE PERFORM A TEST OF CONTROLS TO ENSURE CERTAIN TRANSACTIONS ARE APPROVED AND REVIEWED BEFORE THEY RECORD TO THE FINANCIAL STATEMENTS. AND WE ALSO ENSURE PROPER CUTOFF TO ENSURE THAT ALL TRANSACTIONS THAT WERE RECORDED IN FISCAL '21 WERE EARNED IN '21 AS WELL. THE NEXT AREA OF FOCUS IS THE EVALUATION OF INVESTMENTS AS WELL AS DERIVATIVE INSTRUMENTS. AND WE TESTED INVESTMENTS, SPECIFICALLY THE REASONABLENESS OF INVESTMENT-RELATED INCOME, BY UTILIZING OUR PRICING GROUP AND PERFORMING FAIR MARKET VALUE AND PURCHASE AND SALES TESTING DURING THE YEAR. WE CONFIRM INVESTMENT POSITIONS AS OF YEAR END AND TO REVIEW INVESTMENT STATEMENTS TO ENSURE PROPER LEVELING AND THAT THE FAIR VALUE MEASUREMENT OF THESE INVESTMENTS IS APPROPRIATE AS WELL. WE ALSO CONFIRM BALANCES RELATED TO THE SWAP AGREEMENT THAT IS UTILIZED BY THE SYSTEM. AND WE ENGAGE FOR OUR SPECIALISTS TO REVIEW THE UNDERLYING ASSUMPTIONS OF THESE BALANCES TO ENSURE THAT THE CALCULATION AND BALANCES ARE APPROPRIATE AS OF YEAR END. OUR NEXT AREA OF FOCUS IS UTILITY PLANT AND SERVICE CONSTRUCTION. AND TO TEST THOSE BALANCES, WE REVIEW, ROLL FORWARDS THAT THE SYSTEM PROVIDES, AND WE TEST CAPITAL ADDITIONS AS WELL AS CONSTRUCTION IN PROGRESS TO ENSURE THAT THESE BALANCES ARE REASONABLE AND SHOULD BE CAPITALIZED DURING THE YEAR. AND WE TEST APPRECIATION FOR REASONABLENESS BY REVIEWING AVERAGE FIXED ASSETS AND PERFORMING A CALCULATION AS WELL. FOR BONDS AND NOTES PAYABLE, WE CONFIRM THESE OUTSTANDING DEBT BALANCES WITH THE APPROPRIATE PARTIES, AND WE REVIEW FISCAL '21 DEBT-RELATED ACTIVITY, SPECIFICALLY INTEREST EXPENSE FOR REASONABLENESS, AND WE ENSURE THAT THE SYSTEM IS IN COMPLIANCE WITH DEBT COVENANTS AS WELL AT YEAR END. AND WE ALSO ASSESS THE ADEQUACY OF FOOTNOTE DISCLOSURES AS WELL. OUR NEXT AREA OF FOCUS IS EXPENSES, WHERE WE TEST A SAMPLE OF EXPENSES AND REVIEW SUPPORTING DOCUMENTS, SUCH AS THE INVOICE AND CHECK COPY. AND WE'LL ALSO ENSURE THAT THESE EXPENSES FLOW INTO THE APPROPRIATE FINANCIAL STATEMENT LINE ITEM BY REVIEWING BUDGET CODE AND OTHER INFORMATION. AND WE PERFORM A TEST OF CONTROLS OVER THESE DISBURSEMENTS TO ENSURE THEY'RE REVIEWED AND APPROVED BEFORE THEY ARE RECORDED AS WELL. AS PART OF OUR AUDIT, WE REVIEW SIGNIFICANT ACCOUNTING ESTIMATES, SUCH AS DEPRECIATION EXPENSE, THE ALLOWANCE FOR DOUBTFUL ACCOUNTS, THE SWAP AGREEMENT, AND OTHERS. AND OUR PROCEDURES HAVE BEEN DESIGNED IN PART TO REVIEW THESE ESTIMATES TO ENSURE THEY'RE REASONABLE AT YEAR END AND TO ENSURE ALL ASSUMPTIONS ARE APPROPRIATE AS

WELL. AND OUR LAST AREA OF FOCUS IS THE FINANCIAL STATEMENT DISCLOSURES. AS PART OF OUR AUDIT, WE AGREE ALL DISCLOSURES TO OUR AUDIT WORK PAPERS, AND WE ENSURE NEW PRONOUNCEMENTS THAT WE'LL DISCUSS LATER ON IN THE PRESENTATION ARE APPROPRIATELY DOCUMENTED WITHIN THE FINANCIAL STATEMENTS AND APPLIED CONSISTENTLY THROUGHOUT THE FINANCIAL STATEMENTS, AS WELL. AND WITH THAT, I THINK I'LL TURN IT BACK OVER TO NICK TO COVER OUR TECHNOLOGY SUPPORT AS PART OF THE AUDIT PROCESS. NICK?

>> GREAT. THANK YOU.

>> GOOD MORNING. EXCUSE ME FOR INTERRUPTING. GOOD MORNING. FOR THE RECORD, THIS IS JON GOLDIN JOINING.

>> DAVID WOMACK JOINING AS WELL.

>> THANK YOU. AND SO, AS I MENTIONED EARLIER, AND TO KYLE'S POINT, AS PART OF OUR FINANCIAL STATEMENT AUDIT PROCEDURES, WE ALSO HAVE OUR TECHNOLOGY AUDIT TEAM COME IN AND LOOK AT THE FINANCIAL REPORTING SYSTEMS OF THE WATER BOARD AND THE FINANCE AUTHORITY TO ENSURE THAT WE CAN RELY ON THE INFORMATION THAT'S COMING OUT OF THOSE SYSTEMS TO PERFORM THESE PROCEDURES. AND SO THAT'S WHY THAT WORK IS DONE PRIOR TO OUR FINANCIAL STATEMENT AUDIT WORK TO ENSURE THAT THE AUDIT PLAN THAT WE PRESENTED CAN, IN FACT, BE CONDUCTED. IF WE WERE TO IDENTIFY ANY MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES IN THE FINANCIAL REPORTING SYSTEMS, IT COULD POTENTIALLY IMPACT THE PROCEDURES THAT WE WERE PERFORMING. AS A REMINDER, WE DID NOT IDENTIFY ANY MATERIAL WEAKNESSES OR SIGNIFICANT DEFICIENCIES IN FINANCIAL REPORTING OR INFORMATION TECHNOLOGY IN THE PRIOR YEAR, NOR DO WE ANTICIPATE ANY SUCH MATTERS THIS YEAR AS WE'RE NOT AWARE OF ANY CHANGES. NEVERTHELESS, WE WILL BE PERFORMING OUR PROCEDURES, AND THE REPORTING OF THE RESULTS OF THIS AUDIT WILL INCLUDE THE SCOPE OF THAT AUDIT AS WELL. AND THEN, LASTLY, IN TERMS OF TECHNICAL UPDATES AND RELEVANT STANDARDS, WE'RE NOT AWARE OF ANY SIGNIFICANT STANDARDS THAT ARE GOING TO AFFECT THE COMBINING FINANCIAL STATEMENTS THIS YEAR. HOWEVER, THERE ARE A NUMBER OF STANDARDS THAT ARE EFFECTIVE FOR FISCAL YEAR '22 THAT WE WILL BE WORKING WITH MANAGEMENT TO ENSURE APPROPRIATE ADOPTION GOING FORWARD. AND WITH THAT, THAT CONCLUDES OUR PRESENTATION. HAPPY TO ANSWER ANY QUESTIONS ANYONE MAY HAVE.

>> THANK YOU VERY MUCH FOR THAT. THANK YOU. SOUNDS LIKE WE'RE ON TRACK. IF THERE ARE NO FURTHER QUESTIONS, WE HAVE NO FURTHER ITEMS OF BUSINESS ON FOR TODAY, UNLESS ANYONE HAS ANYTHING THEY'D LIKE TO RAISE NOW. IF NOT, I'LL ENTERTAIN A MOTION FOR ADJOURNMENT.

>> SO MOVED. SORRY.

>> IS THERE A SECOND?

>> SECOND.

>> I'LL NOW CALL A VOTE FOR ADJOURNMENT. MR. CARNEY?

>> I MOVE APPROVAL.

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>> MR. SOUTHWELL?

>> IN FAVOR.

>> MR. FREED?

>> AYE.

>> AND, MR. SHAW?

>> YES.

>> AND, JONATHAN, MR. GOLDIN, NOW THAT YOU'RE HERE?

>> YES, I VOTE TO ADJOURN. THANK YOU.

[LAUGHTER]

>> AND I, TOO, VOTE IN FAVOR OF ADJOURNMENT. BETTER LATE THAN NEVER, RIGHT? THANK YOU ALL FOR YOUR PARTICIPATION. AND THIS MEETING IS NOW ADJOURNED.