

**JOINT AUDIT COMMITTEE**

**THE NEW YORK CITY MUNICIPAL WATER FINANCE AUTHORITY  
AND  
NEW YORK CITY WATER BOARD**

A meeting of the Joint Audit Committee (the “Committee”) of the New York City Municipal Water Finance Authority (the “Authority”) and the New York City Water Board (the “Water Board”) was held at 255 Greenwich Street, Room 6M4, New York, N.Y. 10007 on Friday, October 12, 2018 at 9:02 a.m. The following members of the Committee were present:

Max Von Hollweg;

Robert Elburn (by designation of Authority Director Basil Seggos);

Marc Shaw;

Jonathan Goldin;

Alfonso Carney, Jr.; and

Marc Shaw

constituting a quorum of the Committee. Mr. Von Hollweg chaired the meeting, and Deborah Cohen served as Secretary of the meeting.

**Approval of Minutes of Meeting of May 31, 2018**

The first item on the agenda was approval of the minutes of the meeting of May 31, 2018. There being no discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

**WHEREAS**, The Audit Committee has reviewed the minutes of its meeting held on May 31, 2018; it is therefore

**RESOLVED**, that the minutes of the meeting of May 31, 2018 be, and they hereby are, approved.

**Acceptance of Annual Agency Financial Integrity Compliance Statement**

The next item on the agenda was the acceptance of each of the Authority's and the Water Board's annual financial integrity compliance statements. Mr. Von Hollweg noted that these are required pursuant to the City's Comptroller's Directive, and that the majority of elements are not applicable to the Authority or the Water Board. He also noted that the Authority's Comptroller, Robert Balducci, and the Water Board's Treasurer, Omar Nazem, were available to answer any questions. The Committee had no questions regarding the Financial Integrity Compliance Statements.

**Presentation by Management and Independent Auditors Regarding the Annual Audited Financial Statements of the System**

The next item on the agenda was a presentation by the Authority's management and independent auditors relating to the New York City Water and Sewer System's (the "System") Fiscal Year 2018 and 2017 financial statements, which had been distributed to the Committee. The Authority's Comptroller, Robert Balducci, presented an overview of the financial statements. He noted there had been minor changes made from the document that had been previously emailed to the Committee, and that the changes were included in the Committee's packets. Mr. Balducci described new standards to be implemented pursuant to GASB, and answered Committee member questions regarding the new standards.

Mr. Balducci then introduced the Authority's independent auditors, Warren Ruppel and Dan McElwee from Marks Paneth. Mr. Ruppel proceeded to discuss the requirement communications with the Committee, and noted that Marks Paneth had essentially completed their audit. Discussion ensued. Mr. Balducci noted that at the next meeting of the Committee, which is likely to occur in May of 2019, subsequent to the Committee's review of the independent auditor's observations and recommendations on whether cyber security and privacy

were well maintained by the System, representatives of the Water Board and the New York City Department of Environmental Preservation would provide further information on cyber security.

**Recommendation to the Authority Board of Directors and Water Board of the acceptance of the independent auditors' report on the audited financial statements of the System for the Fiscal Years ended June 30, 2018 and June 30, 2017, and the issuance of such financial statements**

Following the presentation by management and independent auditors regarding the annual audited financial statements of the System, upon motion duly made and seconded, the following resolution was unanimously adopted by the Committee:

**WHEREAS**, the Joint Audit Committee of the New York City Municipal Water Finance Authority (the "Authority") and the New York City Water Board (the "Water Board") has met with the independent auditors of the water and sewer system of the City of New York (the "System") and has reviewed the independent auditors' report on the audited financial statements of the Authority for the fiscal years ended June 30, 2018 and June 30, 2017 and such financial statements, as submitted to the Committee; and

**WHEREAS**, the Joint Audit Committee believes the independent auditors' report and the financial statements are reasonable and appropriate; it is therefore

**RESOLVED**, that the Joint Audit Committee recommends to the Board of Directors of the Authority and the Water Board the acceptance of the independent auditors' report and the authorization of the release of the audited financial statements of the System for the fiscal years ended June 30, 2018 and June 30, 2017; provided that both the independent auditors' report and the audited financial statements may be amended to reflect non-material changes acceptable to the Comptroller of the Authority.

**Review and Approval of the Audit Committee Charter**

The next item on the agenda was the review and approval of the Audit Committee Charter. Mr. Von Hollweg said no changes to the existing Charter are proposed at this time. Brief discussion ensued regarding specific duties of the Audit Committee as enumerated in the

Committee Charter. Then, upon motion duly made and seconded, the following resolution was unanimously adopted:

**WHEREAS**, the Joint Audit Committee Charter was adopted by the New York City Water Board (the “Water Board”) on January 28, 2008 and by the Board of Directors of the New York City Municipal Water Finance Authority (the “Authority”) on February 4, 2008 and amended on October 7, 2009 by the Authority and October 30, 2009 by the Water Board; and

**WHEREAS**, pursuant to the Joint Audit Committee Charter, section III(s), the Joint Audit Committee of the Water Board and the Authority is required annually to review the Audit Committee Charter, reassess its adequacy, and recommend any proposed changes to the Authority and the Water Board; and

**WHEREAS**, the Audit Committee has reviewed the Audit Committee Charter, as attached hereto, and finds it to be reasonable and appropriate; it is hereby

**RESOLVED**, that the Audit Committee hereby approves the Audit Committee Charter as adopted and attached hereto.<sup>1</sup>

### **Review of Audit Committee’s Schedule of Dates**

The next item on the agenda was a review of the Audit Committee’s Schedule of Dates.

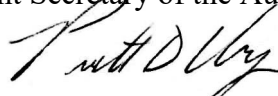
Mr. Von Hollweg noted that there were no proposed changes to the Schedule of Dates.

### **Adjournment**

There being no further business to come before the Committee, upon motion duly made and seconded, the meeting was duly adjourned.



Assistant Secretary of the Authority



Secretary of the Water Board

<sup>1</sup> Filed with Minutes of the meeting.