

# **Yonkers Industrial Development Agency**

Financial Statements  
With Supplementary Information

December 31, 2007 and 2006

## **Independent Auditors' Report**

### **To the Board of Directors of the Yonkers Industrial Development Agency**

We have audited the accompanying statement of net assets of the Yonkers Industrial Development Agency (the "Agency") as of December 31, 2007 and 2006 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the management of the Yonkers Industrial Development Agency. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Yonkers Industrial Development Agency as of December 31, 2007 and 2006, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in the accompanying supplementary schedule of industrial revenue bonds and notes issued is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on it.

We have also issued a report dated March 25, 2008 on our consideration of the Yonkers Industrial Development Agency's control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards.

White Plains, New York  
March 25, 2008

## Yonkers Industrial Development Agency

### Statement of Net Assets

December, 31

	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
Current Assets		
Cash and equivalents	\$ 1,278,208	\$ 1,380,157
Accounts receivable, net	713,000	857,735
Economic Development Projects	-	670,000
Prepaid expenses	306,730	379,773
Restricted cash	<u>2,248,273</u>	<u>971,678</u>
Total Current Assets	4,546,211	4,259,343
Investments	36,132	34,028
Equipment, net	<u>15,866</u>	<u>12,679</u>
Total Assets	<u><u>\$ 4,598,209</u></u>	<u><u>\$ 4,306,050</u></u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	\$ 37,600	\$ 25,399
Accrued expenses	12,545	140,247
Scholarships payable	35,896	7,195
Due to other governments	240,000	853,614
Due to other entities	<u>2,248,273</u>	<u>971,678</u>
Total Current Liabilities	2,574,314	1,998,133
Due to other governments	<u>960,000</u>	<u>1,200,000</u>
Total Liabilities	<u>3,534,314</u>	<u>3,198,133</u>
<b>NET ASSETS</b>		
Unrestricted	<u>1,063,895</u>	<u>1,107,917</u>
Total Liabilities and Net Assets	<u><u>\$ 4,598,209</u></u>	<u><u>\$ 4,306,050</u></u>

See notes to financial statements

**Yonkers Industrial Development Agency**

Statement of Activities

Years Ended December 31,

	<u>2007</u>	<u>2006</u>
<b>OPERATING REVENUES</b>		
Agency fees	\$ 1,256,750	\$ 884,700
Application and administrative fees	3,000	5,200
Federal grants	43,000	-
Miscellaneous income	7,565	3,318
Total Operating Revenues	<u>1,310,315</u>	<u>893,218</u>
<b>OPERATING EXPENSES</b>		
Salaries	381,919	325,018
Payroll taxes and employee benefits	103,416	85,023
Rental and lease termination	85,500	314,415
Consulting fees	345,598	321,101
Professional fees	115,176	281,525
Advertising, printing and reproduction	262,818	112,060
Auto	8,811	8,709
Insurance	8,292	8,594
Conferences and meetings	23,623	30,433
Communications	27,186	18,138
Office supplies and expenses	25,543	8,661
Depreciation	3,773	1,648
Contributions	-	100,195
Bad debt expense	300	-
Total Operating Expenses	<u>1,391,955</u>	<u>1,615,520</u>
Loss from Operations	<u>(81,640)</u>	<u>(722,302)</u>
<b>NON-OPERATING REVENUES</b>		
Interest and dividend income	38,325	33,945
Realized and unrealized gains (losses) on marketable securities	(707)	4,941
	<u>37,618</u>	<u>38,886</u>
<b>CHANGE IN NET ASSETS BEFORE OTHER EXPENSE</b>	(44,022)	(683,416)
Other Expense	<u>-</u>	<u>(1,798,614)</u>
Change in Net Assets	(44,022)	(2,482,030)
Net Assets - Beginning of Year	<u>1,107,917</u>	<u>3,589,947</u>
Net Assets - End of Year	<u>\$ 1,063,895</u>	<u>\$ 1,107,917</u>

See notes to financial statements

## Yonkers Industrial Development Agency

### Statement of Cash Flows

Years Ended December 31,

	2007	2006
Cash Flows From Operating Activities		
Cash received from customers	\$ 2,125,050	\$ 479,105
Cash payments for goods and services	(1,642,516)	(1,945,596)
Cash payments to employees	(613,037)	(410,041)
Net Cash Used by Operating Activities	(130,503)	(1,876,532)
Cash Flows From Capital Activities		
Cash payments for the acquisition of fixed asset	(6,960)	(14,135)
Cash Flows From Investing Activities		
Purchase of investments	(2,104)	(34,028)
Sale of investments	-	124,712
Interest and dividend income	38,325	33,945
Realized and unrealized gain (loss) on marketable securities	(707)	4,941
Net Cash Provided by Investing Activities	35,514	129,570
Net Decrease in Cash	(101,949)	(1,761,097)
Cash - Beginning of Year	1,380,157	3,141,254
Cash - End of Year	\$ 1,278,208	\$ 1,380,157
Reconciliation of Loss from Operations to Net Cash Provided by Operating Activities		
Income from operations	\$ (81,640)	\$ (722,302)
Adjustments to reconcile loss from operations to net cash used by operating activities		
Depreciation	3,773	1,648
Changes in operating assets and liabilities		
Accounts receivable	144,735	(857,435)
Economic development projects	670,000	1,415,000
Prepaid expenses	73,043	80,183
Restricted cash	-	(971,678)
Accounts payable	12,201	(46,872)
Accrued expenses	(127,702)	98,247
Scholarship payable	28,701	(100,000)
Due to other governments	(853,614)	(945,001)
Due to other entities	-	171,678
Net Cash Used by Operating Activities	\$ (130,503)	\$ (1,876,532)

See notes to financial statements

# Yonkers Industrial Development Agency

## Notes to Financial Statements

### 1. Organization

The Yonkers Industrial Development Agency (the "Agency") was created in 1982 as a public benefit corporation by the New York State Legislature under the provisions of Chapter 526 for the purpose of promoting and supporting the development of commerce, bolstering employment and stimulating economic growth and prosperity in the City of Yonkers, New York. The Agency is exempt from Federal, State and Local income taxes. The Agency although supported by the City of Yonkers ("City"), is a separate entity and operates independently from the City. Members of the governing board are appointed by the Mayor of the City for specified terms.

### 2. Summary of Significant Accounting Policies

#### *Financial Reporting Entity*

The Agency has been identified as an organization related to the City. In accordance with the criteria enumerated in Governmental Accounting Standards Board ("GASB") Statement No. 14, the Agency is not considered a component unit of the City.

#### *Basis of Accounting*

The Agency reports its operations on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded at the time liabilities are incurred. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Agency applies all applicable Financial Accounting Standards Board ("FASB") pronouncements issued after November 30, 1989 in accounting and reporting for its operations.

#### *Cash and Equivalents*

Cash and equivalents consist of funds deposited in time and demand deposit accounts. Collateral is required for these deposits at 100% of all deposits not covered by Federal deposit insurance. The Agency has entered into a custodial agreement with its depository which holds its deposits. This agreement authorizes the obligations that may be pledged as collateral. Such obligations include among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

#### *Investments*

Investments are stated at fair value, which is based on quoted market prices.

#### *Equipment*

Furniture and fixtures are stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over an estimated useful life of seven years.

## Yonkers Industrial Development Agency

### Notes to Financial Statements

#### 2. Summary of Significant Accounting Policies *(continued)*

##### *Net Assets*

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use. Net assets on the statement of net assets is classified as unrestricted.

##### *Use of Estimates*

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

#### 3. Restricted Cash

Restricted cash and cash equivalents consist of funds held in escrow by the Agency for the Austin Avenue project. Funds are released as authorized invoices are presented for payment or reimbursement.

#### 4. Economic Development Entities Projects

In accordance with an agreement dated November 1, 2002 between the Yonkers Baseball Development Corporation and the Agency, the Yonkers Baseball Development Corporation was advanced \$670,000 (Note 10). This obligation has been assumed by Struever Fidelco Cappelli, LLC under the Master Developer Designation Agreement. As of December 31, 2007 and 2006, \$670,000 has been advanced and was still outstanding.

#### 5. Equipment

Equipment at December 31, 2007 and 2006 consisted of furniture and fixtures. Depreciation expense was \$3,773 and \$1,648 for the years ended December 31, 2007 and 2006 respectively.

#### 6. Scholarships Payable

The Agency receives funds from private contributors for the establishment of a scholarship fund for Yonkers residents. The criteria for eligibility and award is determined by the Yonkers Public Schools. The amount available for scholarships was \$35,896 and \$7,195 at December 31, 2007 and 2006 respectively.

# Yonkers Industrial Development Agency

## Notes to Financial Statements

### 7. Pension Plan

The Agency participates in the New York State and Local Employee's Retirement System ("ERS"). This System is a cost-sharing multiple-employer defined benefit pension plan. The System provides retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System.

Funding Policy - The System is non-contributory except for employees who joined after July 27, 1976 and have less than ten years of service, who contribute 3% of their salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion ("GTLI") and regular pension contributions. Contribution rates for the plan's year ending in March 2008 are as follows:

<u>Tier/Plan</u>	<u>Rate</u>
4 A15	8.8%

Contributions made to the system for the current and two preceding years ending December 31, were as follows:

2007	\$	26,143
2006		27,593
2005		27,941

### 8. Operating Leases

The Agency is obligated under a non-cancelable operating lease for a vehicle. Minimum future rental payments under this non-cancelable operating lease are \$5,832 for 2008 and \$4,374 for 2009. Lease expense included in operations under auto expense was \$5,832 and \$6,042 for the years ended December 31, 2007 and 2006 respectively.

### 9. Industrial Revenue Bond and Note Transactions

Certain industrial development revenue bonds and notes issued by the Agency are secured by property which is leased to companies and are retired by lease payments. The bonds and notes are not obligations of the Agency or the State. The Agency does not record the assets or liabilities resulting from completed bond and note issues in its accounts, since its primary function is to arrange the financing between the borrowing companies and the bond and note holders, and funds arising there from are controlled by trustees or banks acting as fiscal agents. Trustees maintain the information for these bonds and notes and no default notices have been generated in the current year. For providing this service, the Agency receives bond administration fees from the borrowing companies. The fee received by the Agency is one percent of the bond amount. Such administrative fee income is recognized immediately upon issuance of bonds and notes.



## Yonkers Industrial Development Agency

### Notes to Financial Statements

#### 10. Related Party - Yonkers Baseball Development Corporation

The Agency is the sole shareholder of the Yonkers Baseball Development Corporation ("YBDC"). The YBDC is a for profit entity whose purpose is to promote recreational activity to assist in the revitalization of downtown Yonkers in an area known as Chicken Island, Yonkers, New York. The YBDC was funded under an agreement from the Agency (Note 4) dated November 1, 2002. The YBDC has assigned all rights to recover funds expended for the Project to the YIDA.

#### 11. Contingencies

In 1979, the City entered into a Consent Order with the New York State Department of Environmental Conservation (NYSDEC) to remediate the Austin Avenue landfill site located in the City of Yonkers. The cost of capping this site is estimated to be approximately \$4.5 million. In December 2004, the City Council approved a plan that would allow the Agency, through the NYSDEC's Brownfield Remediation and Empire Zone Program, to issue bonds to pay for the remediation of the landfill site. The Agency bonds would be repaid from the annual proceeds of a new supplemental payment in lieu of tax (PILOT) agreement from a local developer, who owns the property adjacent to the landfill site. The City Council has waived the City's right to the receipt of the supplemental PILOT payments in order to pledge those receipts to the repayment of the Agency bonds. The City Council further agreed that, based on the City's obligation under the Consent Order, the City will pay any shortfalls in debt service payments on the Agency bonds or costs of environmental remediation in excess of amounts available from the Agency bonds. Council has indicated that project costs should remain within the Agency bond authorization limits. Once the project is completed, it is not currently anticipated that this site will require ongoing monitoring operations.

The Agency repaid the bonds in 2006. Further, the Agency used current amounts for the Supplemental PILOT for costs related to the site testing and preparation of a work plan and reserved the balance of payments. Once the final DEC sign-off occurs, the YIDA anticipates entering into a fixed priced contract to conclude the DEC approved work plan and will issue bonds or use current amounts under the Supplemental PILOT agreement to pay for said contract. Once remediation is provided for, excess funds will be paid to the taxing jurisdictions.

The Agency underwent an audit by the Office of the Comptroller of New York State in conjunction with audits of the City of Yonkers and the Yonkers Board of Education during 2006. The Agency responded to the report, answering all questions and concerns raised by the Comptroller's Office. There was no impact on the financial position of the Agency.

During 2006, the Agency was named defendant in litigation involving land use and municipal approvals. At that time, the Agency did not expect that those matters would have any materially adverse effect on its financial position. The situation was resolved during 2007 with no adverse effect on the Agency's financial position.

## Yonkers Industrial Development Agency

### Notes to Financial Statements

#### 11. Contingencies (continued)

The Agency is currently undergoing an audit by the Office of the Comptroller of New York State. The Agency is cooperating fully with the Comptroller's Office. The Agency does not expect that this matter will have any materially adverse effect on its financial position.

#### 12. Other Expense

The Agency had entered into approximately fourteen Payment-in-lieu-of-tax agreements ("PILOT's") from 1994 through 2005. Under all of these PILOT agreements, Westchester County's (the "County") share has not been remitted or otherwise allocated to the County since 1994 because the Agency used the PILOT revenue for economic development and was under the belief that if it did so, the City would not have to remit to the County, its entitled share of the payments. The County however, believed that the County share of these PILOT payments should have been paid over by the Agency and not retained for economic development purposes and had sought payment of its legal share of the referenced PILOT payments. In an agreement made between the Agency and the County in 2007, the Agency agreed to pay the County \$598,614 within thirty days of the signing of the agreement. In addition, the Agency and/or the City agreed to pay the County an amount equal to \$240,000 on July 1<sup>st</sup> of each year, beginning in 2008 and continuing for a period of five years through 2012. The agreed upon amounts totaled \$1,798,614.

#### 13. Rental and Lease Termination

The Agency and N-Valley Technology Center, Inc. ("NVTC"), entered into a commercial sublease dated May 1, 2006 for sublease of a certain portion of the N-Valley building to be used as a dialysis center ("Dialysis Center Lease"). This was done so that the Agency could reserve the space for a potential dialysis center project to be undertaken by the Agency. In 2006, NVTC was sold and the buyer had requested termination of the Dialysis Center Lease and NVTC and the Agency agreed to terminate the lease pursuant to certain provisions. The net cost of the terminated lease was \$228,915, which is included in operations under the rental and lease termination caption for the year ended December 31, 2006.

#### 14. Risk Management

The Agency purchases conventional insurance coverage for Directors and Officers liability. The current policy reflects a limit of \$1 million per occurrence or \$1 million for the period of the policy. The Agency also purchases general liability insurance coverage, with a policy limit of \$1 million per occurrence or \$2 million in the aggregate.

#### 15. Payroll and related costs

Salaries expense for the year ended December 31, 2006 includes the balance of vacation and sick time paid to a former Director upon retirement.

## **Yonkers Industrial Development Agency**

### Notes to Financial Statements

#### **16. Reclassifications**

Certain reclassifications have been made to the 2006 financial statements to conform with the 2007 presentation.

**YONKERS INDUSTRIAL DEVELOPMENT AGENCY**  
**SCHEDULE OF INDUSTRIAL REVENUE BONDS AND NOTES ISSUED**

**DECEMBER 31, 2007**

<b>Project</b>	<b>Date of Issue</b>	<b>Original Issue Value</b>	<b>Outstanding Balance at January 1, 2007</b>	<b>New Issues</b>	<b>Payments</b>	<b>Outstanding Balance at December 31, 2007</b>
St. Joseph's Medical Center	March 1993	\$ 4,715,000	\$ 2,550,000	\$ -	\$ 280,000	\$ 2,270,000
Westchester School for Special Children	November 1993	4,055,000	3,305,000	-	95,000	3,210,000
St. Joseph's Medical Center	March 1998	28,500,000	19,800,000	-	1,400,000	18,400,000
Hudson Scenic Studios, Inc.	June 1999	6,360,000	4,940,000	-	255,000	4,685,000
Michael Malotz Skilled Nursing Pavilion	June 1999	15,000,000	13,495,000	-	565,000	12,930,000
Philipsburgh Hall Associates, L.P.	December 1999	2,800,000	1,645,000	-	25,000	1,620,000
11 - 23 St. Casimir Avenue, L.P.	January 2001	9,695,000	9,370,000	-	95,000	9,275,000
St. John's Riverside	February 2001	26,295,000	24,695,000	-	420,000	24,275,000
Sarah Lawrence College, Series A	June 2001	25,750,000	42,050,000	-	500,000	41,550,000
Sarah Lawrence College, Series B	June 2001	8,900,000	5,100,000	-	50,000	5,050,000
Greyston Bakery	December 2001	3,125,000	2,695,000	-	125,000	2,570,000
Herriot Street Housing L.P. Project	March 2004	16,400,000	15,620,000	-	410,000	15,210,000
Monastery Manor Association, L.P.	September 2005	9,500,000	9,500,000	-	-	9,500,000
Consumer Union	December 2005	47,300,000	47,300,000	-	-	47,300,000
Main Street Lofts	December 2005	44,600,000	44,600,000	-	-	44,600,000
JME Associates	June 2006	8,160,000	8,060,000	-	215,000	7,845,000
Salgra Realty, L.L.C.	June 2006	3,840,000	3,795,000	-	100,000	3,695,000
Sacred Heart	September 2006	9,500,000	9,500,000	-	150,000	9,350,000
Jefferson Terrace, L.L.C.	December 2006	4,400,000	4,400,000	-	-	4,400,000
Whitney Young Manor, L.P.	December 2006	19,800,000	19,800,000	-	270,000	19,530,000
Riverview II	December 2007	28,596,200	-	28,596,200	-	28,596,200
<b>Total Indebtedness</b>		<b>\$ 327,291,200</b>	<b>\$ 292,220,000</b>	<b>\$ 28,596,200</b>	<b>\$ 4,955,000</b>	<b>\$ 315,861,200</b>

See independent auditors' report

**YONKERS INDUSTRIAL DEVELOPMENT AGENCY**  
**SCHEDULE OF INDUSTRIAL REVENUE BONDS AND NOTES ISSUED**  
**DECEMBER 31, 2006**

Project	Date of Issue	Original Issue Value	Outstanding Balance at January 1, 2006	New Issues	Payments	Outstanding Balance at December 31, 2006
Consumer Union	July 1989	\$ 20,000,000	\$ 600,000	-	\$ 600,000	\$ -
Consumer Union	December 1991	10,000,000	300,000	-	300,000	-
St. Joseph's Medical Center	March 1993	4,715,000	2,810,000	-	260,000	2,550,000
Westchester School for Special Children	November 1993	4,055,000	3,390,000	-	85,000	3,305,000
Consumer Union	December 1994	15,000,000	350,000	-	350,000	-
St. Joseph's Medical Center	March 1998	28,500,000	21,100,000	-	1,300,000	19,800,000
Hudson Scenic Studios, Inc.	June 1999	6,360,000	5,180,000	-	240,000	4,940,000
Michael Malotz Skilled Nursing Pavilion	June 1999	15,000,000	13,670,000	-	175,000	13,495,000
Phillipsburgh Hall Associates, L.P.	December 1999	2,800,000	1,670,000	-	25,000	1,645,000
11 - 23 St. Casimir Avenue, L.P.	January 2001	9,695,000	9,460,000	-	90,000	9,370,000
Community Development Properties *	February 2001	53,260,000	52,705,000	-	52,705,000	-
St. John's Riverside	February 2001	26,295,000	25,040,000	-	345,000	24,695,000
Sarah Lawrence College, Series A	June 2001	25,750,000	42,550,000	-	500,000	42,050,000
Sarah Lawrence College, Series B	June 2001	8,900,000	5,150,000	-	50,000	5,100,000
Greyston Bakery	December 2001	3,125,000	2,815,000	-	120,000	2,695,000
Morris Industries	December 2004	1,500,000	1,500,000	-	1,500,000	-
Herriot Street Housing L.P. Project	March 2004	16,400,000	15,945,000	-	325,000	15,620,000
Monastery Manor Association, L.P.	September 2005	9,500,000	9,500,000	-	-	9,500,000
Consumer Union	December 2005	47,300,000	47,300,000	-	-	47,300,000
Main Street Lofts	December 2005	44,600,000	44,600,000	-	-	44,600,000
JME Associates	June 2006	8,160,000	-	8,160,000	100,000	8,060,000
Salgra Realty, L.L.C.	June 2006	3,840,000	-	3,840,000	45,000	3,795,000
Sacred Heart	September 2006	9,500,000	-	9,500,000	-	9,500,000
Jefferson Terrace, L.L.C.	December 2006	4,400,000	-	4,400,000	-	4,400,000
Whitney Young Manor, L.P.	December 2006	19,800,000	-	19,800,000	-	19,800,000
Total Indebtedness		\$ 398,455,000	\$ 305,635,000	\$ 45,700,000	\$ 59,115,000	\$ 292,220,000

See independent auditors' report