Audit Committee Meeting

Preliminary

<u>Agenda</u>

March 28, 2023
at 2:00 p.m.

Agenda Subject to Change

1) **Roll Call**

2) **Approval of Minutes for March 31, 2022 and December 20, 2022 Meetings**

3) **Review and Discussion of Report to Audit Committee:**

    - **2022 Internal Control Letter**
    - **Draft Audited Financial Statements for 2022**

4) **Other Business**

5) **Adjournment**

DRAFT

Yonkers Industrial Development Agency
Audit Committee
March 31, 2022

COMMITTEE MEMBERS:

CECILE D. SINGER: Chairperson
PETER KISCHAK: Member
MELISSA NACERINO: Member

IDA STAFF:
JIM CAVANAUGH - President & CEO, IDA
JAIME MCGILL - Executive Director, IDA
SIBY OOMMEN - CFO, IDA
FIONA KHAN - Administrative Assistant, IDA

OTHERS:

ROBERT DANIELE: O'Connor Davies

JAIME MCGILL: It's 11:00, so we can officially start. We can call the meeting to order.

CHAIR CECILE SINGER: All right. So I would like to call the meeting of the Audit Committee of the IDA to order.

The first order of business is the review of our audit.

JAIME MCGILL: We'll just do an official rollcall.

CHAIR CECILE SINGER: All right.

JAIME MCGILL: So we have Cecile Singer.

CHAIR CECILE SINGER: Here.

JAIME MCGILL: Peter Kischak.

PETER KISCHAK: Here.

JAIME MCGILL: Melissa Nacerino.

MELISSA NACERINO: Here.

JAIME MCGILL: Madam Chair, we have a quorum.

CHAIR CECILE SINGER: All right. So do we have any minutes from our prior meeting?

JAMIE MCGILL: We do. We have minutes from our December 9th meeting for approval.

CHAIR CECILE SINGER: Right. Right.

All right. So you have the minutes in your packet and if everyone will just take a minute to look and if there are no additions or corrections, may I have a motion?

PETER KISCHAK: I'll make a motion, Cecile.

MELISSA NACERINO: Second.

CHAIR CECILE SINGER: All right. And is there a second? Thank you, Melissa. All right. Any objections? The motion is passed.

Thank you. So now we'll begin with the meeting and go through the review. And Rob, what have you got to tell us?

ROBERT DANIELE: Okay. I'm going to put something up on the screen. Let me see. Am I able to share, Jamie?

JAIME MCGILL: Sure. Fiona can share. She can allow you to host and you'll share your screen.

ROBERT DANIELE: Okay?

FIONA KHAN: You should be set, Rob.

ROBERT DANIELE: Can you see -- you actually see the PowerPoint?

JAIME MCGILL: We do.

ROBERT DANIELE: Okay, good. All right. So I'll start with this. Good morning. And then thank you for having me present the financial statements and audit results of the Yonkers IDA or Industrial Development Agency, again, for the fiscal year ending December 31st, 2021.

I put together a PowerPoint to kind of condense the information to easily present it. But before I begin, I just wanted to thank Jamie. I wanted to thank Siby and the entire office there again for their professionalism and really being available throughout the entire audit process while they're still handling their day-to-day activities. So again, thank you.

I'm just going to scroll here. If we turn to the table of contents, we'll go over the status of the audit, the audit opinion. And basically the financial statements have been drafted and reviewed by management. Management has prepared the MDNA. So we once you folks approve the report, it can go final.

We'll go through some financial statement highlights comparing the 2021 activity to 2020. We have our required communications along with our management letter or communication of internal control matters.

As far as the required communications, we'll briefly touch upon what our role is as your external auditors and what management's role is.

And then in the back is a sample of our management representation letter, which we get at the conclusion of the audit, which basically says that you've provided us in a number of form or in a detailed, bullet form all of the information so that we can perform the audit and offer an opinion.

And then the last couple of pages is just a firm overview. You can see that we have expanded tremendously over the past couple of years. And then in the back, there's some other work that we do other than audits if, you know, you may be interested in.

So I'm just going to scroll here. And just let me know that you can see this and if it's an issue, let me know.

So as I mentioned, the field work is complete. The financial statements have been drafted and reviewed with management thoroughly. We have issued what is termed an unmodified opinion. An unmodified opinion is a clean opinion. It's the highest level of assurance that an entity can receive.

And it basically states that the financial statements present fairly the financial position of the Yonkers IDA at a specific point in time. In this case, as of December 31, 2021, and in accordance with the accounting standards, in accordance with accounting principles generally accepted in the United States of America.

So again, once these reports are accepted by you, we can go final with the independent auditor's report, the report on internal controls. And then there's some public authority and accountability documents that we will get as well, which would conclude wrapping up the audit.

So I'm not going to -- the audit approach, you can see the chart. This was gone over through our planning session. I'm not going to really spend much time, but, you know, we do come in in December and January and do some preliminary work looking at your transaction cycles, your payroll, cash receipts, cash disbursements.

Then we come back and we probably spent about two weeks completing the audit where we do what we call our substantive work and we kind of drill down into various details in the account analysis.

Now I'm going to turn to the financial statement highlights. I'm going to skip the balance sheet or the statement of net position. I'm going to start with the statement of activities, scroll down a little bit. And you can see, we are presenting 2021 versus 2022.

And again from an overall standpoint, you can see that total operating revenues are dramatically up from 2020 from 766,000 to almost $3.5 million in 2021. So that's great news. I know 2020 was hampered with the COVID pandemic, but it appears that things are starting to pick up again. So that's great news.

As far as your agency and refinancing fees, you did close on some large projects. Just to name a few, the Hudson View generated about $300,000 in agency fees. You had 57 Alexander Street, LLC, generated over $870,000 of agency fees. And a couple other projects: Conifer

Reality $388,000 in fees. And the Yonkers School joint construction --

CHAIR CECILE SINGER: Is Lionsgate's included in that, Rob?

ROBERT DANIELE: Is that under a different -- is Lionsgate under a different name? I'm not sure.

SIBY OOMMEN: So Lionsgate Phase Two. It's included.

CHAIR CECILE SINGER: It is included. Thank you.

ROBERT DANIELE: So you generated $2.3 million in agency fees in 2021. You have a contribution from the City of Yonkers, which is included in your expenses under consulting fees. You did lay out for some architect work, some consulting, some engineering and that was reimbursed by the City of Yonkers. We'd like to show that in gross. So we picked up the income from the City, but you have the corresponding expenditures included in the consulting and professional fees line.

JIM CAVANAUGH: That's for the Saint Denis School, I believe, correct?

ROBERT DANIELE: I'm sorry?

JIM CAVANAUGH: That's for the Saint Denis School.

ROBERT DANIELE: A portion of it I believe is, yes. There is another piece as well. Maybe Siby could talk to that.

SIBY OOMMEN: Yeah. So those are related to Savin Engineers and the KG&D, both for the construction of the school.

JIM CAVANAUGH: Right. So what happened there is that we fronted the money. The City subsequently issued a bond and now the City is repaying us out of that bond for our expenditures.

ROBERT DANIELE: Okay. Yeah, so it's a wash, but we like to report it gross.

JIM CAVANAUGH: Yeah, it's just when of you see contribution, you say, well why is the City contributing? It's really a repayment of funds that we spent on behalf of the City.

ROBERT DANIELE: Okay. As far as management administration fees, $159,000. And that's almost doubled, more than doubled from last year and there's two components to that. The Agency does receive some reporting fees for billable projects. Those fees range anywhere from like $500 to $2,000. That generated about $79,000 of the 159,000. And then you did receive $80,000 to manage the Yonkers Larkin Garage for 2021.

Some application fees, you do have licensing fees, $120,000. I believe there's a -- these are licensing fees from the pier. I believe it's $12,000 a month. So 10 or $12,000 a month, I believe, maybe 10,000 month.

SIBY OOMMEN: 10,000 a month.

ROBERT DANIELE: Yeah, for 12 months. So that generated $120,000. So that's mainly your revenue side.

If we go down a little bit, your expenses, you can see salaries are up a little bit. There were some small raises, as well as the addition of one person. And that resulted in the increase in the current year.

Your payroll taxes, you can see that's down. Although your payroll taxes related to the salaries are up the, your pension, because the pension system is well funded, your pension liability is dramatically down. And that's something that's provided by New York State. And you can see that the pension program is one of the best funded pensions in the country. It's almost 100 percent funded. It's like 99.25 percent funded and that drew down your current year expense and ultimately, your current year liability. And that's something we need to report.

Your rent seems to be down compared to last year, but there's a couple of things. Rent is actually up about 3 percent, but in 2020, there was a security system that put there that was included in your rent payments and that was about $40,000 last year. So if you really back that out, you're pretty consistent on the rent with a 3 percent increase.

As I mentioned before, your consulting and professional fees, that includes the architects that Siby mentioned for the school project. Again, we show that grossed up. So that really contributed to the increase in 2021.

Advertising, printing and reproduction, again, these are just advertising on the new school project. It's actually down. You did a big advertising program in 2020. And that continued into 2021, but it was more so on the new school projects.

Your other expenses are pretty much in line. Depreciation is your annual depreciation on your capital assets. Mainly, you absorbed the Yonkers Pier and its leasehold improvements. And we're appreciating that over the life of those assets. And then you can see the last line there, your emergency disaster relief grants. Last year, because of the pandemic, you did issue grants to small businesses that were in need. And obviously that was a 2020 thing. It didn't, fall into the 2021 year. And those are grants that were given out that don't have to be paid.

If you come down, you have income for the year of a little over $1.1 million. If you factor in what we call these nonoperating expenses -- and let me just scroll down a little bit -- you do operate the Workforce Investment Program. The IDA was designated as the grant recipient of the Workforce Investment Program. And that was to create workforce investment activities.

The grant folks are hired and they're paid out in this grant on a cost reimbursement basis. So you can see revenues match expenses. However, at the end of the year, whatever is not, whatever its spent is claimed for and you do have a receivable that offsets to match the revenues and expenses.

As far as interest income, interest rates are at all-time low. You can see that that's down from 2020. And you do have some interest expense because the IDA did absorb a Section 108 loan when they absorbed the activities of the pier.

There is a balance of $675,000 on that loan and you also have a New York Power Authority loan with the balance of about $265,000.

So overall you did generate $1 million. Your revenues did exceed your expenditures by a million dollars and you're able to add that to your opening net position of $5.8 million. So you end the year at $6.9 million. So a rather healthy year considering COVID in the prior year.

So now I'm just going to go back to the balance sheet here. And as I mentioned, you know, you ended the year at $6.9 million. You see that at the bottom there, the $6.9 million dollars. And I'll talk about those components in a minute. But if we go to the top here, and I apologize, it's hard to fit this on a page here.

It's jumping around here. Just go down a little bit. Your total assets are up about $1 million. You can see from 7.5 million to $8.5 million dollars. But most of your assets are liquid, if you will. They're in the form of cash, $7.9 million.

You do have some accounts receivable of about $150,000 and that includes some of the Workforce Investment Board receivables that I discussed before. There is an allowance against those receivables.

There's some monies that an allowance to set up I believe a couple of years ago based on the Yonkers Pier and Peter Kelley does owe some monies that go back to I think 2019 and '20. And since payment wasn't guaranteed and things weren't worked out, the Agency decided to take an allowance because we don't know when that will happen. So that still stays on the books. The accounts receivable is not written off, but we did, the Agency did take an allowance against it.

You also have a loan receivable that's also fully allowed for. This is a loan from the wind down of the New Market tax credit and the Larkin Garage. This represents a loan balance of

$2.6 million that was brought over as well as some accrued interest. And this is to be paid back to the IDA if the Larkin garage is profitable. And since we don't know when some of those payments will happen, the loan is fully allowed for. It's not written off. It's just allowed for because we don't know the timing of when the parking garage will be in the black.

And then some other restricted cash, you do have money set aside for specific activities and that's detailed in the notes.

If I come down a little bit, in addition to the grants that the IDA gave out last year, you did also give out some small loans to businesses. And that was to begin to be repaid once the pandemic was deemed to be over with which I believe happened sometime in June or July of '21. So these loans are starting to be paid back and should be paid back in 2022. And again, we'll have to readdress this at the end of 12/31/22, to see what has been paid to that point.

And you do have $3 million dollars in capital assets, mainly the leasehold improvements on the Yonkers Pier and those are depreciated over the life of those assets.

If we come down to your liabilities here, you can see accounts payable, incurred expenses, those are just, you know, your normal payables in the normal course of business. Some of those have been subsequently paid in January through March of this year.

What's new here is your escrow deposits. The IDA was part of a new -- there was some new pilots that the IDA generated, IDA pilots for the City of Yonkers and I believe a portion for Westchester County that the IDA facilitated in forming those new pilot agreements. There was some collateral that the IDA received. And this is basically $126,000 is collateral.

It's one year's worth of pilot agreements that the IDA holds onto for the term of the pilot and some of these pilots are 5-10 years. And if the companies make their normal pilot payments, at the end of the term of the pilot agreement, these will be returned. These are set aside in individual accounts. They are earning interest. The entire amount, if the companies don't default, gets returned to the companies, including the accrued interest. So IDA is tracking that. I believe there are two companies currently. And obviously, this will go up as the pilot payments go up because it requires the IDA to retain one year's worth of pilot payments and the schedule of the pilot payments has annual increases. So every year the IDA will get the difference and hold it as collateral, if you will.

As I mentioned before, you do have some loans, the Section 108 loan, $675,000. Those are being paid currently. And you have a New York Power Authorities loan. Again, almost $265,000. So combined, that's your eight or $900,000 in loans that are due in one year in long term loans.

Then you come down to the bottom, as I mentioned, your net position. You increase net position by over $1 million. Not all of that is in the form of cash. You do have fixed assets, if you will, a little over $2 million. And those are the leasehold improvements less the debt that I just mentioned related to those leasehold improvements. But more importantly, the IDA does have the $4.7 million dollars of unrestricted net assets that's free and cleared to be used for, you know, it's activities. And that has gone up, you can see, from $3 million to $4.7 million.

So, you know, although there was an unusual year in 2020 due to the pandemic, it appears that activity is starting to pick up, which is a great sign. And overall, the IDA did have a relatively great year.

CHAIR CECILE SINGER: All right. And our liquidity is certainly excellent. So it bodes well for the future because we have the ability to do many things and we're in a position to take advantage of what whatever comes to us.

ROBERT DANIELE: Right. You have almost $5 million dollars in freed up, unrestricted funds that you can utilize for other projects.

All right. I'm just going to down here and I don't want to spend a lot of time, but this is what we call our required communications. Although we get the financial statements together and our main goal is to, you know, form and express an opinion on those financial statements, as I mentioned, we have issued an unmodified opinion which is a, you know, the highest opinion you can get. You know we obtain reasonable assurance that the financial statements are free from material misstatements and we say that because we don't look at every transaction. We do our sampling and if anything deviates in our sample then we would increase our sample and obviously if there was a problem, we would bring it to your attention before we got to this point.

We are required, you know any journal entries that we derive, we are required to communicate those to you and those are included in your packet of the report to those charged with governance. And as I mentioned before, if there was a matter that really needs to be talked about, you would have known about it before we got to this point.

The bottom here is, you know, there's some supplementary schedules in the back, bonds issued, retired and so on. We don't audit that information. We review it to make sure that the information presented is accurate. I know that Siby gets some confirmations from the banks. We review that information so that we can present it the way that they have it presented to us.

Again, I'm not going to spend a lot of

time but although we do prepare the financial statements, management is still ultimately responsible for the financial statements and fairly presenting the accounting policies. And again, since we assist you with that, we make sure that the updated policies are in there.

Management is responsible to maintain effective internal controls and they're also responsible to maintain law, provisions of laws, contracts and to follow regulations and contracts. And obviously we look at that when we do the audit and obviously, we would tell you if there's something other than that going on. And management is responsible to provide us with all the information so that we can perform the audit. So we have gotten all that.

The other thing just in here is that included in the financial statements, there are estimates, as I mentioned before, you know, we put allowances on the accounts receivable. Those are estimates. Giving a useful life to your capital assets, again, that that is an estimate. So there are certain estimates, but a lot of these numbers, because it's now March, we were able to look at receivables and payables for activity that happened in '22. We can vouch that it was valid for '21 because it happened already and we saw it because of the first couple of years in 2022 -- first couple of months in 2022, sorry.

And that's really it here. Again, as we mentioned here, if there are journal entries that we come up with we have to report those to you. Those are included in your packet. Where it says uncorrected, that just means if we pass on a journal entry we're supposed to notify you. Again, we didn't pass on any journal entries. All the entries that we proposed were recorded by management and they are included in your packet.

We had no disagreements with management. And at the conclusion of this if you accept the report, we will get a management representation letter which kind of just lists out all the information we requested that you've provided to us and you represent that you have given us all that information so we can complete the audit.

We are independent with respect to the IDA.

The communication of internal control

matters, again, I'm happy to report that we did not identify deficiencies in internal controls that we felt were material weaknesses or significant deficiencies.

We did have a couple of comments. We reviewed those with management in detail and some of those comments have been already addressed. As I said, we look at activity through today, actually through the end of March, and I know that some of those comments were already addressed.

The big one there was being your IT and cybersecurity. We mentioned that last year and unfortunately you did get hacked. So we, you know, we like the IDA to stay on top of that and hope that never happens again.

JIM CAVANAUGH: I'd like to mention one thing there. I think the Board probably knows this, but I think it's worth reinforcing. Our IT system here is handled by the City IT Department. So we're on the same email system. Many of our documents reside on the City-administered servers. So the hack wasn't, it wasn't the IDA but it actually was a hack of the City of Yonkers. And because the City of Yonkers was hacked, and they do administer our IT system, you know, we lost files too. So it wasn't just us.

Having said that, and I know Rob you're aware of this because you guys audit the City, in the last year, the City IT Department has really stepped up in a big way to address the increasing occurrences of hacking and malware. And we do talk to them on an ongoing basis. And so we will benefit from the measures that the City's IT Department is undertaking. The alternative would be for us to split off, but I think probably that would put us in a worse position because we're a small agency. We probably could not afford the measures that the City of Yonkers as a whole is taking. So I think we're better off sticking with them. But I just wanted to clarify the relationship.

CHAIR CECILE SINGER: That's very helpful. That's very helpful, Jim, because as you know, this is a very much discussed item everywhere. Everyone is at a risk level that's hard to measure. And the protections we hope are going to be adequate. But going forward, and certainly your comments about splitting off, we would certainly -- it would be a very difficult thing to do and certainly doesn't seem advisable. But all right.

So since you raised a very important question, I'd like to ask if anyone has any questions about this because it's a critical area for us?

ROBERT DANIELE: No, I just wanted to thank Jim. He's absolutely right. I should have mentioned that the IDA does share its software with the City and really the City was hacked. So it wasn't the IDA directly but indirectly and according to -- you're right, I mean if you were to branch off, it's very costly. So it's something to decide, but I think the City has done a lot to for this not to happen again and will continue with cybersecurity assessments and things like that on an annual basis.

CHAIR CECILE SINGER: All right, well, you know, both of you. So let's take a minute. Are there any questions from anyone? All right. So if there are no questions, we'll continue.

JIM CAVANAUGH: Let me just say I'm not, you know, I don't want my comments to be taken as a criticism of the City because certainly in my previous role, I was aware that there were hacking attempts on a daily basis and, you know, one finally got through. But when you look at what happened to Yonkers compared to some other cities, Rochester for example which actually paid I understand a rather large ransom to get their data back, the City of Yonkers actually fared reasonably well. You know we lost some files. It took a while to recover, but eventually the City got us up and running as well as themselves.

So, you know, but it's a wakeup call.

CHAIR CECILE SINGER: Right. But it's a wakeup call and it's one everywhere. It's not just here and it's not just with the City. So everyone who deals with IT in any magnitude is being challenged. So we have to be confident that the City has the resources and the people to evaluate what is happening and take the steps that are most protective going forward.

JIM CAVANAUGH: Yes.

CHAIR CECILE SINGER: All right, Rob.

ROBERT DANIELE: Okay. And I just to move forward, included in here is the management representation letter that we get at the conclusion of the audit. I don't really have to spend time, but it's just several pages and it kind of lists out what we requested and what we received. So I don't really have to spend much time.

And that's it really. The last few pages just affirm overview. You know we've grown as a company and we're now the top 27th in the country. And more importantly, there's some other services that we offer other than audits in the back. So I know some folks are interested even on a personal level, so I'd just like to share that with you. But that's really it with the IDA. I know I went through a lot of numbers, but if anyone has any questions I could circle back to what has happened.

CHAIR CECILE SINGER: All right. Are there any questions about anything in the report?

PETER KISCHAK: I have none.

CHAIR CECILE SINGER: Do you have a question, Pete?

PETER KISCHAK: No.

CHAIR CECILE SINGER: All right. Does anyone else have a question or a comment?

So it looks like a very thorough report and it looks like we're in an excellent position, that the IDA has taken full advantage of the ability to move forward in this last year. So we can see that by the financials and by the growth that we have had. And so it would seem that we are looking at a very healthy entity with excellent cash reserves and that we will be able to do the things that will place us in the forefront moving forward.

So if there are no comments, then may I have a motion to accept the report as submitted and to recommend it to the IDA Board?

PETER KISCHAK: I'll make a motion.

MELISSA NACERINO: Second.

CHAIR CECILE SINGER: Thank you. Are there any objections? If there's no objections, then the report is submitted.

So, before we adjourn, we should go into this session and ask management to leave so that we would talk to Rob for a moment. So, can we ask management to leave?

JAIME MCGILL: Sure. Fiona will just pull you into an executive session so you'll just have to accept to go in.

CHAIR CECILE SINGER: All right.

JAIME MCGILL: Just give Fiona a moment

to navigate that.

FIONA RODRIQUEZ: Is Rob going into the room or just the committee members?

JIM CAVANAUGH: Rob also.

FIONA KHAN: Okay.

JAIME MCGILL: Hey, Mike. Mike are you still there?

JIM CAVANAUGH: I got invited to go to the room. I declined.

JAIME MCGILL: I declined as well. I think it invites, I think it possibly invites everyone.

JIM CAVANAUGH: Okay. All right.

JAIME MCGILL: Mike. Can you just check your phone? I just sent you a text.

MIKE CURTI: Will do, thanks.

(Executive Session)

CHAIR CECILE SINGER: All right. We should be back in. Is everybody in?

JAIME MCGILL: We have everyone back.

PETER KISCHAK: We're back.

CHAIR CECILE SINGER: Okay. All right. So is there any further business? Does anyone have any comments or concerns?

We want to tell you, Jamie, that we all

we're very pleased to know about all the hard work that you've done to bring back so much that was lost during COVID and to guard what's happening in the base.

And we were very pleased to know also that it is continuing and the comments, of course, we are we are concerned about the outside accountant and what has happened and why because some of the things are things that were routine that should have been in the report and should have been guarded. So we want to be insured that going forward, there will be consideration of the problem and we leave to you a judgment of how to move forward with the outside accountant. But certainly, we do not want to see a continuation of something that could jeopardize the excellent way that you have operated and the IDA, and so that consideration.

So we both congratulate you and ask you to look at this and see how we could work going forward.

JAIME MCGILL: Absolutely. Thank you, Cecile. And we have already um put some things in motion to start to rectify that situation.

CHAIR CECILE SINGER: All right. So

can we have a motion to rectify the situation?

JIM CAVANAUGH: We will be having an extremely -- first of all, we're not any happier than you are about restated expenses that should not happen. And the outside accountant is there to make sure it doesn't happen. So we're going to be having an extremely candid conversation and review of our outside accountant and we expect to get back to the Board within 30 days with an action plan which will contain our recommendations. I can't say where, I can't say where they're going to go. But our outside accountant has to be up to the job and able to do it or that outside accountant is not valuable to us.

CHAIR CECILE SINGER: So my concern is not that the comments were ancillary but that these were basic things that in any financial statement you would look at and understand. And so that was my concern that it wasn't something that was a note or was something that was some other area. It was the basic financial statement and a bottom line. So, you know, that's what concerned me. Anyhow, I know that you will look at all of this because it's very important to all of us and bring it to a conclusion that will strengthen whatever we are doing because I was very pleased. And I think everyone is with the record that the IDA was able to establish for this past year. To bring back so much after COVID is certainly something that the leadership has to be congratulated for Jaime and everybody working in this area.

So it has meant a great deal to the city. And I think we're all elated about what's happened with Lionsgate and other things that bode well for the future, but we want to be sure that nothing happens that will jeopardize any of this. So we thank you for that.

And is there any further business? Does anyone have any other concern that they would like to discuss? If not, may I have a motion to adjourn the meeting?

PETER KISCHAK: I'll make a motion, Cecile.

MELISSA NACERINO: Second.

CHAIR CECILE SINGER: Thank you and thank you, Melissa and Pete, for always being very important to what happens in the IDA and for the way we move forward. Thank you.

All right. The meeting is now adjourned.

JAIME MCGILL: Thank you everyone.

(Proceeding concluded)

C E R T I F I C A T I O N

I, Sonya Ledanski Hyde, certify that the foregoing transcript is a true and accurate record of the proceedings.

Sonya M. Ledanski Hyde

Veritext Legal Solutions
330 Old Country Road
Suite 300
Mineola, NY 11501

Date: April 14, 2022

STATE OF NEW YORK
CITY OF YONKERS

DRAFT

---X

Minutes of
The City of Yonkers IDA
Audit Committee Meeting
December 20, 2022 - 12:00 p.m.
at
470 Nepperhan Avenue
Yonkers, New York 10701

---X

B E F O R E:

MELISSA NACERINO, Chairperson
VICTOR GJONAJ, Member
CECILE SINGER - Excused

I D A S T A F F

JAIME MCGILL - IDA Executive Director
SIBY OOMMEN - IDA/YEDC Chief Fiscal Officer
JIM CAVANAUGH - IDA President & CEO

P R E S E N T:

ROBERT DANIELE - PKF O'Connor Davies
ALBERT CORVINO - PKF O'Connor Davies

PROCEEDINGS

MS. NACERINO: We are going to call the IDA Audit Committee meeting to order. Can we do roll call.

MS. McGILL: We'll start with the roll call. Cecile Singer has been excused. Melissa Nacerino.

MS. NACERINO: Here.

MS. McGILL: Victor Gjonaj.

MR. GJONAJ: Here.

MS. McGILL: We have a quorum.

MS. NACERINO: We will go through the approval of the minutes.

MS. McGILL: If I may, we are going to skip the minutes because it would require both yourself and Cecile to cast the vote so we can push that to our next meeting.

MS. NACERINO: Okay. Item three, review of the engagement letter from External Auditing Services for 2022.

MS. McGILL: So we have our auditors here, Rob Daniele from PKF O'Connor Davies and he can present the engagement letter and the audit

PROCEEDINGS

services report.

MR. DANIELE: Thank you. Yes. So we have an engagement the letter from the IDA for 2022. It is pretty much a standard letter and the fees went from $32,500 up a thousand to $33,500.

There is a new standard that we have to implement, leases this year so that might create some more work on our end but we'll walk you through that. The letter is pretty standard. I don't know if you have had an opportunity to read through it. It is pretty similar to last year other than the fee.

MS. NACERINO: Okay. Any questions? There being none, make a motion to accept the minutes.

MS. McGILL: No minutes, Engagement Letter.

MS. NACERINO: I am sorry, Engagement Letter. All in favor?

(A chorus of ayes.)

MS. NACERINO: The item is passed. Number four, review and discussion the

PROCEEDINGS

audit plan.

MS. McGILL: The auditors are here. They will go through a detailed presentation of the audit plan.

MR. DANIELE: Okay. So again thank you, my name is Rob Daniele and with me is Albert Corvino. We both we worked on the engagement. We prepared a Power Point, the IDA Power Point and I will walk you through that.

If you turn to page two we'll briefly go through the overview of the audit process, the auditors reports that we issued. We'll talk about our scope and the focus of the audit, the timing of the audit, what our responsibilities are as your external auditors, and just because we do the audit and prepare the financial statements, management still has its responsibilities so we'll talk about that.

If we turn to page three, again we'll come in, and I don't know if we

PROCEEDINGS

do it at the same time, generally we come in and look at your internal controls. We don't look at every transaction but we sample transactions. We'll look at your payroll cycle, cash receipt cycle, cash disbursement cycle and we'll get an understanding of what's happened over the year, any new activities.

We assess risk. We do a risk base approach so we are going to look at-- obviously we confirm up all of your cash and well talk about that later.

We are looking at accounts receivable. We are looking at your debts on the books that it has been paid, any new debt, things like that.

We are going to design an audit program based on the results of the testing of internal controls. If everything goes according to plan we'll execute the plan, we'll move forward, come back. Actually that's where we drill down into deep account analysis

PROCEEDINGS

and then we'll prepare your financial statements, and if there is any findings obviously you will know about that as well.

If things don't go as expected when we do our internal control testing we are going to go back reassess risks. If we have to pull more samples we'll do so. If there is a problem in a certain area we'll notify the audit committee before we move forward.

Page three was a flow chart, page four is a narrative of that so we are going to document our understanding of any new activities that the IDA is going through. I know there was a joint school construction project, there is a new school built through the IDA so that is a new area that we'll focus on.

As mentioned, I will identify some of the significant audit areas. You have some loans, receivables. We want to make sure that is being collected.

PROCEEDINGS

If not, if we have an allowance against it or items should be written off.

You also have some loans payable that we look at, make sure that that's being up to date as well.

Most importantly, when we come back to do the audit we are looking at cutoff to make sure that your revenues are received in the right year, so we do look at items that happen in January, February of '23 to make sure that they don't belong to the '22 year, so cutoff is a big area. Allowances for receivables is a big area. We look at accounts payable to make sure that everything is within the proper cutoff period.

As I said before, we also interview folks just to make sure that everything is going according to our understanding of how your processes work so we'll interview staff members as well.

We are going to document any

PROCEEDINGS

findings. As I said before, if there are internal control items, matters, we are going to bring that to your attention sooner than later, but if everything goes according to plan, these reports need to be filed within three months after year end, so we'll do so by March 31st, 2023.

Page five. We look at the numbers. Our ultimate goal is to issue what we call an independent auditor's report and that's what we offer. We opine. We give you an opinion on all the numbers as a whole, but some of the areas that are included in your audit report is what we call supplementary information.

There is a discussion that is called management discussion and analysis. That's written by management and it is kind of an overview of the year as seen through the eyes of management. It is not an audited document but we read it to make sure it

PROCEEDINGS

agrees to what is reported in the financial statements.

You are part of the pension system so the IDA has a proportionate share of that reporting from New York State so we get a confirmation from the state and have to record that, and then in the back you have these industrial revenue bonds that are issued. That's supplementary information that is disclosed in the back of the financial statements as well as straight lease transactions, and recently you had some payments in lieu of taxes, so those documents are prepared by management but we do look at them to make sure that the reporting is there.

We do also issue a report on internal controls, as I said before, so again if there is any internal control matters we are going to document that as well and you will have that in your report to you folks, those charged with governance, and there is also an

PROCEEDINGS

investment reportS so the IDA really doesn't have investments other than cash and maybe some CD's but it is a requirement and we'll issue that opinion as well.

Page six. Some of the audit scope and focus. As I said, we look at cash and any restricted cash. We are going to confirm those independently. We use a company called Confirmation.com. We actually pay for that service but they confirm those balances directly to us so there is no, you know, nobody can change things.

We look at your accounts receivable. We are going to estimate, you know, if you are collecting on those, if you are not collecting why and do we need an allowance, so we made sure that's in order.

You have a loan receivable through the YEDC based on the new market tax credit right now, so we will take a look if some of the garage, the Larkin

PROCEEDINGS

Garage is profitable. They are supposed to be paying that back but over the last couple of years they haven't been profitable so there is an allowance against that loan but it is on the IDA's books.

The IDA, based on Covid a couple of years back issued some emergency disaster loans, so again we'll take a look at that. If those are being collected, there should be an allowance or if the IDA made a decision to kind of not get payment back then we will make sure those are written off with proper board approval.

The IDA has capital assets so we'll make sure that is being tracked and depreciated accordingly.

As I mentioned before you do have some loans payable to the Yonkers Pier and the New York Power Authority loans so we'll make sure those are being up to date. Talked about the pension. We'll get a confirmation from New York

PROCEEDINGS

State and report the IDA's proportionate share, and then more importantly on your operating revenues and expenses the IDA gets a commission on these closing of the transactions. We pretty much look at that at a hundred percent to make sure you are getting the proper percentage, and then on your expenses we look at salaries, we do 941 recs so all of your payroll, employee benefits, rent, consulting and professional fees, and the other ones where we don't feel maybe aren't material we'll do analytics and compare it to those balances to the prior year.

As I said before there is a new standard, leases that came into play so we'll have to, you know, we can talk about this after our meeting if you had a lease agreement with X2O so we want a status update on that. If you have leases with copiers, printers, things like that you are going to have to compile them for us and we'll take a

PROCEEDINGS

look at them.

Page seven is the timing. We are here today going through our audit plan approach. Either towards the end of this year or early into 2023 we are going to come back and do some internal control testing and that's when we perform our risk assessment, and then we come back early in February to complete the audit, and when it says substantive testing that is when we drill down into each account analysis just to make sure that the amounts are in agreement to_-- they are comparable to the prior year and what you should have received is there and what you should have paid is paid as well.

Everything goes as planned we issue the reports towards the end of March. We have our meeting here with the full board towards the end of March, just enough time to give Siby enough time to upload the information and that's when we issue the report,

PROCEEDINGS

the management letter and we come back and do our meetings.

There are responsibilities. I am going to have to turn it over to Albert for the next couple of pages. He will briefly talk about our responsibilities and your responsibilities.

MR. CORVINO: So for the audit our responsibility is to get express an opinion on the financial statements to insure that it is right financially, the material and also follow general accepted accounting principals. We are also here to perform an audit in accordance with general accepted audit standards, and we are going to get-- I am sorry, reasonable assurance on the financial statement accounts which is cash, accounts receivable and liability accounts. We'll also going discuss any significant matters of the audit to everyone on the board.

In addition, we'll are also going to discuss any significant matters

PROCEEDINGS

regarding any of the statements with the accounting, if any, so we usually at the end of the audit give a management letter and then the management letter will discuss any major adjustments, any significant deficiencies or material weaknesses, and in the past doing the audit there hasn't been anything significant so just minor comments here and there.

We are also going to communicate any fraud and illegal acts regarding, if any. Again throughout the audits there has been no fraud or anything significant that came up, and also we are going to inform everyone about the process used regarding estimates in account, whatever investments were used, which how it is calculated, et cetera during the audit.

MR. DANIELE: So we-- you know, if there are journal entries that we propose we've never past on them. Anything we proposed was given to

PROCEEDINGS

management and they recorded it in the books and records, so what he means by significant misstatements, they will be in the letter, all the entries that we found as a result of the audit, to make sure they are proper and they are right year.

MR. CORVINO: We discuss the management possibilities. So one, management is there to implement accounting policies and put them into use so they create them and put them into use, also to insure that the financial statements are prepared in accordance with the gap, also responsible to assign and implement programs and controls for frauds so the internal controls are in place, and also responsible for applying the laws and regulations with the state and feds.

MR. DANIELE: You know, as I said before, even though we do the audit and prepare the financial statements,

PROCEEDINGS

management still is responsible to comply with laws and we check that. We make sure that something needs to be bid on that that is done and things like that.

That's really an overview of the planning process. As I said, we'll be back here sometime in early February to complete the audit and we can probably get you drafts early in March to be on plan to issue this by the end of March.

MS. NACERINO: Thank you. Are there any questions on the audit plan? Hearing none, do I have a motion to accept the audit plan?

MR. GJONAJ: Accept.

MS. NACERINO: All right. All in favor?

(A chorus of ayes.)

MS. NACERINO: The plan has been accepted. Moving on to agenda item number five, any other business?

MS. McGILL: No other business

MS. NACERINO: No other business.

PROCEEDINGS

I call for an adjournment.

MR. GJONAJ: Aye.

MS. NACERINO: All in favor aye.

(A chorus of ayes.)

MS. NACERINO: The meeting is adjourned.

(Time noted: 12:15 p.m.)

CERTIFICATION

STATE OF NEW YORK)
) ss.
COUNTY OF WESTCHESTER)

I, HOWARD BRESHIN, a Court Reporter and Notary Public within and for the State of New York, do hereby certify:

That I reported the proceedings that are hereinbefore set forth, and that such transcript is a true and accurate record of said proceedings.

I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand.

HOWARD BRESHIN,
COURT REPORTER

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

DRAFT

City of Yonkers Industrial Development Agency

Report to the Audit Committee
December 31, 2022

March 28, 2023

Robert Daniele, Partner
rdaniele@pkfod.com

KNOW
GREATER
VALUE

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

March 28, 2023

Board of Directors
City of Yonkers Industrial Development Agency

We are in the process of completing our audit of the financial statements of the City of Yonkers Industrial Development Agency ("Agency") as of and for the year ended December 31, 2022.

Professional standards require us to communicate with you regarding audit matters that are, in our professional judgment, significant and relevant to *those charged with governance* ("TCWG") in overseeing the financial reporting process. This communication is intended to provide you with these required communications as well as other findings and information regarding our audit.

We are pleased to be of service to you and the Agency and appreciate the opportunity to present our audit findings to you and discuss other matters which may be of interest to you.

This information is intended solely for the use of the Board of Directors and management of the Agency and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

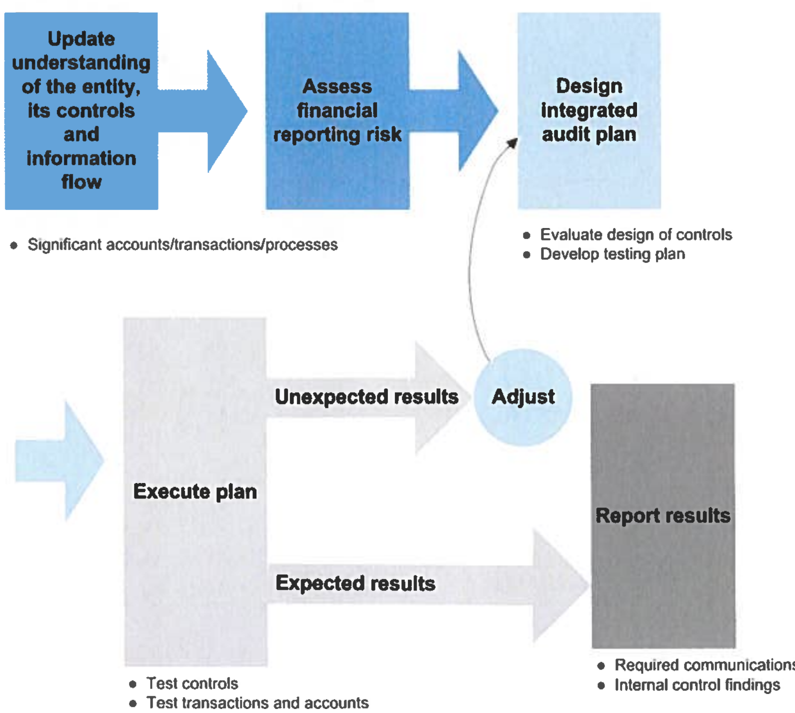
Contents

Status of the Audit and Other Services

Audit of Financial Statements

- Audit fieldwork is complete. The scope of our fieldwork was substantially the same as described in our audit planning communications.
- The financial statements have been drafted and reviewed by management.
- We anticipate that we will be issuing an unmodified opinion on the financial statements upon completion of all outstanding audit related items.
    - Public Authorities and Accountability Act documents
    - Final approval of the financial statements by the Agency
        - Independent Auditors' Report
        - Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Audit Approach



Financial Statement Highlights

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

COMPARATIVE STATEMENT OF NET POSITION

	2022	2021
ASSETS		
Cash and equivalents	$ 4,779,542	$ 4,719,399
Accounts receivable, net of allowance for uncollectible amounts of $96,250 at December 31, 2022 and 2021	146,450	150,733
Loan receivable, net of allowance for uncollectible amounts of of $2,746,758 at December 31, 2022 and $2,708,470 at December 31, 2021 (Note 3)	-	-
Prepaid expenses	-	9,229
Lease receivable	173,077	-
Restricted cash	359,564	355,435
	5,458,633	5,234,796
Non-current assets		
Emergency Disaster Relief Program loans receivable	-	243,208
Net pension asset - ERS	200,851	-
Capital assets being depreciated, net	2,478,563	3,031,223
Total Non-Current Assets	2,679,414	3,274,431
Total Assets	8,138,047	8,509,227
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	460,206	542,818
LIABILITIES		
Accounts payable	113,102	76,493
Accrued expenses	271,996	256,330
Escrow deposits	126,882	126,825
Due to other entities	35,905	69,893
Non-current liabilities		
Loans payable, due within one year	208,416	195,203
Loans payable, due in more than one year	546,384	744,522
Net pension liability	-	2,189
Total Liabilities	1,302,685	1,471,455
DEFERRED INFLOWS OF RESOURCES		
Lease related	169,748	-
Pension related	688,613	647,989
	858,361	647,989
NET POSITION		
Net investment in capital assets	1,723,763	2,091,498
Restricted		
Yonkers Pier activities	200,210	100,621
Unrestricted	4,513,234	4,740,482
Total Net Position	$ 6,437,207	$ 6,932,601

Financial Statement Highlights (Continued)

COMPARATIVE STATEMENT OF ACTIVITIES

	2022	2021
OPERATING REVENUES		
Agency and refinancing fees	$ 1,035,460	$ 2,363,119
Contribution from City of Yonkers	-	840,436
Management administration fees	155,000	159,000
Application fees	4,800	3,600
License fee	169,749	120,000
Miscellaneous income	15,158	1,795
Total Operating Revenues	1,380,167	3,487,950
OPERATING EXPENSES		
Salaries	438,300	435,485
Payroll taxes and employee benefits	99,348	64,581
Rent	147,050	137,850
Consulting and professional fees	266,245	961,128
Advertising, printing and reproduction	329,634	178,217
Travel	5,902	5,036
Insurance	5,223	5,213
Conferences and meetings	6,224	4,385
Communications	36,192	19,497
Office supplies and other	10,241	9,998
Depreciation	552,660	552,746
Emergency disaster relief grants	17,792	-
Total Operating Expenses	1,914,811	2,374,136
Income (Loss) from Operations	(534,644)	1,113,814
NON-OPERATING REVENUES (EXPENSES)		
Workforce investment grant income	1,285,724	1,446,810
Workforce investment grant expenses	(1,285,724)	(1,446,810)
Interest income	64,875	9,816
Interest expense	(25,625)	(31,220)
Total Non-Operating Revenues (Expenses), net	39,250	(21,404)
Change in Net Position	(495,394)	1,092,410
NET POSITION		
Beginning of Year	6,932,601	5,840,191
End of Year	$ 6,437,207	$ 6,932,601

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Required Communications and Other Matters

Required Item	Comments
Auditor's responsibility under professional standards and planned scope and timing of the audit	We have communicated such information in our engagement letter to you dated November 10, 2022. Generally, these responsibilities include: • Forming and expressing an opinion on the financial statements. • Obtaining reasonable assurance the financial statements are free of material misstatements, whether caused by error or fraud. • Accumulating and communicating uncorrected misstatements to TCWG. • Maintaining professional skepticism. • Communicating audit related matters that are, in our professional judgment, significant to TCWG.
Supplementary information accompanying the financial statements	Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.
Other Supplementary information accompanying the financial statements	With respect to such supplementary information, we made certain inquiries of members of management and evaluated the form, content and methods of preparing the information to determine that the information complies with US GAAP, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

<table>
<tr><th>Required Item</th><th>Comments</th></tr>
<tr><td>Our responsibilities under the Yellow Book</td><td>In connection with our audit, we performed tests of the Agency's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.</td></tr>
<tr><td>Responsibilities of management and TCWG</td><td>Management's responsibilities include:
The fair presentation of the financial statements, including the selection of appropriate accounting policies.
Establishing and maintaining effective internal control.
Complying with laws, regulations, grants and contracts.
Providing the auditors with all financial records and related information and a signed representation letter.
Evaluate if there are any conditions or events, considered in the aggregate that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.
Setting the proper tone at the top.
Designing and implementing policies and controls to prevent and detect fraud.
TCWG are responsible for communicating with the auditors and overseeing the financial reporting process.</td></tr>
<tr><td>Qualitative aspects of accounting practices - Accounting Policies</td><td>Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except for the adoption of the provisions of Governmental Accounting Standards Board Statement No. 87, "Leases".

The accounting policies of the Agency conform to U.S. generally accepted accounting principles as applicable to state and local governments. The Agency's reports are based on all applicable GASB pronouncements.

We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus.

All significant transactions have been recognized in the financial statements in the proper period.</td></tr>
</table>

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Required Item	Comments
Qualitative aspects of accounting practices – *Significant Unusual Transactions*	No matters have come to our attention that would require us to inform you about the methods used to account for significant unusual transactions.
Qualitative aspects of accounting practices - *Accounting Estimates and Management's Judgment*	Accounting estimates made by management are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Actual results could differ from those estimates. Certain accounting estimates are particularly sensitive because of their significance to financial statements and their susceptibility to change, such as estimates of certain receivable balances and certain operating and long-term liabilities. The most sensitive estimates affecting the Agency's financial statements were: • Actuarial assumptions and proportionate share calculations related to pension liabilities • Asset lives for depreciable capital assets • Estimates of certain receivable balances and allowances for uncollectible amounts • Estimates for certain operating and long-term liabilities Management believes that the estimates used and assumptions made are adequate based on the information currently available. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements as a whole.
Qualitative aspects of accounting practices - *Financial Statement Disclosures*	Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements are: **Note 2** which summarizes significant accounting policies **Note 7** which summarizes long-term liabilities including pension obligations The financial statement disclosures are consistent and clear.

Required Item	Comments
Going concern	The auditor is required to communicate with TCWG events or conditions that, when considered in the aggregate; indicate a substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time. We concur with management's assessment that the Agency will continue as a going concern for one year from the balance sheet date.
Significant risks	We have identified the following significant risks in connection with our audit: Management override of internal controls Improper revenue recognition to due to fraud The audit procedures apply as a result of the aforementioned significant risk were designed to and have used the risk of material misstatement to low.
Difficulties encountered in performing the audit	We encountered no significant difficulties in dealing with management relating to the performance of our audit.
Corrected and uncorrected misstatements	Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. We are required to communicate to you misstatements that remain uncorrected, including any related to prior periods, and the effect, if any, that they may have on the opinion in our report, and request their correction. There are no such financial statement misstatements that remain uncorrected. In addition, we are required to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. Corrected misstatements that were brought to the attention of management as a result of our audit procedures are also included in Appendix 1.

Required Item	Comments
Disagreements with management	For purposes of this communication, a disagreement with management is a matter, whether or not resolved to our satisfaction, concerning financial accounting, reporting, or auditing, which could be significant to the financial statements or the auditors' report. No such disagreements arose during the course of the audit.
Management representations	We have requested certain representations from management that are included in the management representation letter.
Management's consultations with other accountants	In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no such consultations with other accountants.
Auditor independence	We affirm that PKF O'Connor Davies, LLP is independent with respect to the Agency in accordance with relevant professional standards.
Significant issues discussed with management prior to retention	We generally discuss with management a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Entity and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed and our responses thereto were a condition to our retention as auditors.

Communication of Internal Control Matters

Communication of Internal Control Matters Identified in the Audit to Those Charged with Governance and Management

Board of Directors
City of Yonkers Industrial Development Agency

In planning and performing our audit of the financial statements of the City of Yonkers Industrial Development Agency ("Agency") as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Agency's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This communication is intended for the information and use of management and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

PKF O'Connor Davies, LLP
Harrison, New York
March XX, 2022

Management Representation Letter

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

March 28, 2023

PKF O'Connor Davies, LLP
500 Mamaroneck Avenue, Suite 301
Harrison, New York 10528

This representation letter is provided in connection with your audit of the financial statements of the City of Yonkers Industrial Development Agency (the "Agency") which comprise the statements of net position as of December 31, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, (having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves) as of the date of this letter, the following representations made to you during your audit.

Our Responsibilities

- We acknowledge that we have fulfilled our responsibilities as set forth in the terms of the engagement latter dated November 10, 2022:
    - The preparation and fair presentation of the financial statements in accordance with US GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.
    - The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and
    - The design, implementation, and maintenance of internal control to prevent and detect fraud.

- We understand that the term "fraud" refers to intentional acts by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements. Two types of intentional misstatements are relevant to your audit – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. Fraudulent financial reporting involves intentional misstatements, including omissions of amounts or disclosures in financial statements to deceive financial statement users. Misappropriation of assets involves the theft of an entity's assets.

- In regard to the financial statement preparation non-attest services performed by you, we have:
  - Assumed all management responsibilities.
  - Designated individuals within senior management, who have suitable skill, knowledge, or experience to oversee the services.
  - Evaluated the adequacy and results of the services performed.
  - Accepted responsibility for the result of the services.

- We acknowledge our responsibility for presenting the financial statements and supplemental schedules in accordance with US GAAP, and we believe the financial statements and supplemental schedules, including its form and content, is fairly presented in accordance with US GAAP. The methods of measurement and presentation of the financial statements and supplemental schedules have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Financial Statements

- The financial statements referred to above are fairly presented in conformity with US GAAP and include all disclosures necessary for such fair presentation. In that connection, we specifically confirm that:
  - The Agency's accounting policies, and the practices and methods followed in applying them, are appropriate and are as disclosed in the financial statements.
  - There have been no changes during the period audited in the Agency's accounting policies and practices.
  - All material transactions have been recorded in the accounting records and are reflected in the financial statements.

- Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.

- The following, where they exist, have been appropriately disclosed to you and accounted for and/or disclosed in the financial statements in accordance with the requirements of US GAAP:
  - The identity of all related parties and related party relationships and transactions including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
  - Guarantees, whether written or oral, under which the Agency is contingently liable, if any.
  - The effects of all known actual, possible, pending or threatened litigation, claims, and assessments.

- We have evaluated events subsequent to the date of the financial statements through the date of this letter, and no such events have occurred which would require adjustment or disclosure in the financial statements. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

- We are in agreement with the adjusting journal entries you have proposes and they have been posted to the Agency's accounts.

Information Provided

- We have provided you with:
  - Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
  - Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices, if applicable.
  - Additional information that you have requested from us for the purpose of the audit.
  - Unrestricted access to persons within the Agency from whom you determined it necessary to obtain audit evidence.
  - Completeness and availability of all minutes of the meetings of the Board of Directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
  - All significant contracts an agreements
  - All documents and records provided electronically are accurate and complete reproductions of the original documents and records.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. Based on our assessment, we did not identify any fraud risks that we believe would result in a material misstatement of the financial statements.
- There are no deficiencies in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the Agency's ability to initiate, authorize, record, process, and report financial data reliably in accordance with US GAAP.
- We have no knowledge of any fraud or suspected fraud that affects the Agency and involves:
  - Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud or suspected fraud affecting the Agency's financial statements communicated by employees, former employees, regulators, or others.
- We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

Hosting Services

- We acknowledge that electronic portals used during the audit are only a method of transferring data and the data may be deleted by you at any time.
- We are responsible for maintaining our financial and non-financial information, licensing and hosting of any applications, and downloading and retaining anything you uploaded to such portal in a timely manner.

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Government—specific

- We have a process to track the status of audit findings and recommendations.
- We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- The Agency has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources or net position.
- We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements that we believe have a material effect on the financial statements.
- There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those non-audit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably with senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- The Agency has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- The Agency has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- The Agency is not part of any joint ventures with an equity interest.
- The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34, as amended.

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

- We have identified the Agency is not a component unit of the City of Yonkers, New York in accordance with the criteria enumerated in GASB Statement No. 61 *"The Financial reporting Entity: Omnibus and amendment of GASB Statements No. 14 and No. 34"*.
- Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
- Receivables and loan receivable recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
- Provisions for uncollectible receivables have been properly identified and recorded.
- Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- Revenues are appropriately classified in the statement of revenues, expenses and changes in net position within operating revenues and non-operating expenses.
- The Agency does not offer other postemployment benefits.
- We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- Revenues are appropriately classified in the statement of activities within program revenues and general revenues.
- The Agency is a single fund entity with no internal activity.
- Deposits and investment securities are properly classified as to risk and are properly disclosed.
- Capital assets, including infrastructure and intangible assets, if any, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- Capital assets, including intangible assets, have been evaluated for impairment as a result of significant and unexpected decline in service utility. There were no such impairment loss or insurance recoveries.
- Lease agreements have been appropriately accounted for and disclosed in accordance with the requirements of GASB Statement No. 87, *"Leases"*. The Agency made available all relevant information related to its leases.
- We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

- Expenditures of federal awards were below the $750,000 threshold for the year ended December 31, 2022, and we were not required to have an audit in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal* Awards ("Uniform Guidance").

Very truly yours,

____

The Honorable Ms. Cecile Singer
Chairperson

____

Ms. Jaime McGill
Executive Director

____

Ms. Siby Oommen
Chief Fiscal Officer

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

About PKF O'Connor Davies, LLP

Founded in 1891, PKF O'Connor Davies has evolved from a regional accounting firm to an emerging national leader with more than 1,400 professionals and 18 offices in the U.S. Our team of top-notch professionals delivers a complete range of audit, tax and advisory services to a diverse and growing global client base. By bringing together a boutique firm culture with big-firm resources, we have a unique ability to connect with clients on a deeper level and create value where others can't.

REGIONAL CONNECTIONS BACKED BY GLOBAL EXPERTISE

We are the lead North American firm in the PKF International network of independent accounting and advisory firms with offices in over 400 cities, in 150 countries around the world. It's a relationship that delivers unmatched access to global expertise and strengthens our ability to serve clients anywhere in the world as their needs and their businesses continue to evolve.

PROACTIVE SERVICE MODEL, ENGAGED PARTNER BASE

With a proven, proactive service model and an engaged Partner base, PKF O'Connor Davies has built long-lasting, valuable relationships with our clients.

Our Partners are actively involved in the day-to-day management of engagements, ensuring a high degree of client service and cost effectiveness. The Firm's seasoned professional staff members employ a team approach to all engagements, providing clients with the utmost quality and timely services aimed at helping them succeed.

KNOW GREATER VALUE

Our unwavering focus on value has consistently driven growth and delivered strong outcomes for our clients and our Firm. PKF O'Connor Davies currently ranks 25th on *Accounting Today's* 2023 "Top 100 Firms" list and continually gains acclaim as one of the country's fastest-growing firms. With more professionals, in more places every day, our teams are on the ground, at the ready and in the know. As the world changes, PKF O'Connor Davies clients will always **Know Greater Value.**

INDUSTRY RECOGNITION

Ranked 25 of "2023's Top 100 Firms"
Accounting Today, 2023

Ranked 5 of the "Top Firms in the Mid-Atlantic"
Accounting Today, 2023

"America's Best Tax and Accounting Firms"
Forbes, 2023

"Best Accounting Firm in Westchester"
914INC., 2022

"Accounting/Due Diligence Firm of the Year"
The M&A Advisor, 2022

"Best Business Consulting Firm for Family Offices"
Private Asset Management Awards, 2022

"Best Accountancy Advisor"
Family Wealth Report Awards, 2022

"Best Family Office Management Consultancy"
Family Wealth Report Awards, 2022

"Best Places to Work in Westchester"
914INC., 2023

"Best Places to Work in New Jersey"
NJBIZ, 2022

Ranked 14 of the 50 "Best Accounting Employers to Work for in North America"
Vault, 2023

KNOW GREATER VALUE

At PKF O'Connor Davies we maintain a relentless commitment to understanding each client's operations and financial history so we can uncover every challenge, help meet every objective and exceed expectations. Through our unwavering client focus we create deeper connections, delivering tailored support and expertise that drive real-world value.

ACCOUNTING AND ASSURANCE SERVICES

- Accounting Outsourcing
- Agreed-Upon Procedures (AUPs)
- Audits, Reviews and Compilations
- Elite Accounting Services
- Employee Benefit Plans
- Endowment Fund Accounting
- International Financial Reporting Standards (IFRS)
- IT Audit and Cybersecurity Reviews
- Peer Review
- Public Company Accounting Oversight Board (PCAOB)
- Public Sector Audits and Compliance

ADMINISTRATION SERVICES

- Fund Administration Services
- Outsourced CFO Services
- Outsourced Portfolio Company Accounting

ADVISORY SERVICES

- Bankruptcy and Restructuring
- Cybersecurity and Privacy Advisory Services
- Dark Web Monitoring Services
- Digital Forensic Services
- ESG, Sustainability and Impact Optimization
- Family Advisory Services
- Forensic, Litigation and Valuation Services
- Management Consulting Services
- Matrimonial Services
- Operational and Cost Effectiveness
- PPP Loan Forgiveness Services
- Private Client/Business Owner Services
- Recruiting and Human Resources Consulting
- Risk Advisory Services
- Strategy and Transformation
- System Organization Control (SOC) Reports
- Transaction and Financial Advisory Services
- Virtual Chief Information Security Officer Services (vCISO)
- Wealth Services
- Services Offered by PKF Clear Thinking – Turnaround Advisory, Performance Improvement and Creditors' Rights

FAMILY OFFICE SERVICES

- Accounting and Reporting
- Advisory
- Charitable Giving
- Family Advisory Services
- Investment Monitoring and Oversight
- Lifestyle Support
- Personal Financial Management
- Tax Planning
- Wealth Planning

INTERNATIONAL SERVICES

- China Desk
- General Data Protection Regulation (GDPR)
- German Desk
- Latin America Desk
- Transfer Pricing

INVESTMENT BANKING SERVICES

- Acquisition Advisory
- Exit Readiness and Transaction Planning
- Sell-Side Advisory

TAX COMPLIANCE AND PLANNING SERVICES

- Employee Benefit Planning and Tax Compliance
- International Tax Services
- IRS Representation and Tax Controversies
- Personal Financial Planning
- Private Client/Business Owner Services
- Private Foundation Services
- State and Local Tax (SALT)
- Tax Compliance and Reporting
- Tax Research and Strategic Planning
- Tax-Exempt Organizations
- Trust and Estate Planning

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

pkfod.com

City of Yonkers Industrial Development Agency

Financial Statements
and Supplementary Information
With Report of Independent Auditors

December 31, 2022 and 2021

City of Yonkers Industrial Development Agency

Table of Contents

Independent Auditors' Report

The Board of Directors of the
City of Yonkers Industrial Development Agency

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the City of Yonkers Industrial Development Agency ("Agency") as of and for the years ended December 31, 2022 and 2021 and the related notes to the financial statements, which collectively comprise the Agency's financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2022 and 2021 and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Management is responsible for the other supplementary information included in the annual financial report. The other supplementary information consists of the Schedule of Indebtedness - Industrial Revenue Bonds and Notes Issued, Outstanding or Retired, Schedule of Straight-Lease Transactions Executed in 2022 and the Schedule of Payments in Lieu of Taxes but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other supplementary information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other supplementary information and consider whether a material inconsistency exists between the other supplementary information and the financial statements, or the other supplementary information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other supplementary information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March xx, 2022 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP
Harrison, New York
March xx, 2023

City of Yonkers Industrial Development Agency

Management's Discussion and Analysis
December 31, 2022

The following Management's Discussion and Analysis ("MD&A") of the City of Yonkers Industrial Development Agency's ("YIDA") or ("Agency") activities and financial performance is provided as an introduction and overview of the financial statements of YIDA for the year ended December 31, 2022. Management's Discussion and Analysis is Required Supplementary Information specified in the Government Accounting Standards Board ("GASB") Statement No. 34. Following this MD&A are the annual financial statements of YIDA together with the notes to financial statements which are important to understanding the data presented in the financial statements. This MD&A highlights certain supplementary information to assist with the understanding of the YIDA's financial operations.

Operations

YIDA is a public benefit corporation established by an act of the New York State Legislature in 1982, under Section 903 of the General Municipal Law. The Agency operates for the benefit of the City of Yonkers, New York ("City") and its populace to accomplish any or all of the purposes specified in Title 1 of Article 18A. Specific powers and duties are conferred to the Agency with respect to the acquisition of real property, whether by purchase, condemnation or otherwise, within the corporate limits of the City. All of the local zoning and planning regulations, as well as the regional and local comprehensive land use plans, are taken into consideration to carry out the duties of the Agency.

Organized in a manner consistent with the statute, the Mayor of the City appoints a seven member Board of Directors comprised of both public officials and business leaders. This Board governs the YIDA by establishing official policies and reviewing and approving requests for financial assistance. Operations and activities of the Agency, its members, officers and employees are carried out in accordance with State law.

YIDA's mission includes undertaking projects and programmatic initiatives in furtherance of and to advance the job opportunities, health, general prosperity and economic welfare of the people of the City and to improve their recreational opportunities, prosperity and standard of living. YIDA works to create economic development and job growth throughout the City by attracting new businesses, retaining existing ones and helping them all become more competitive in a global marketplace. The Agency accomplishes this mission by offering financial assistance in the form of Sales and Use Tax Exemptions, Mortgage Recording Tax Exemptions and Payment-In-Lieu-of-Tax agreements ("PILOTs") and by issuing tax exempt Industrial Development Bonds ("IDB's").

Fourteen applications were submitted and processed during the year and two projects closed.

Financial Operations Highlights

The financial statements for the years ended December 31, 2022 and 2021 are attached. The chart below provides a condensed summary of revenues and expenses for the current and prior year.

	2022	2021
Operating Revenues	$ 1,380,167	$ 3,487,950
Operating Expenses	1,914,811	2,374,136

City of Yonkers Industrial Development Agency

Management's Discussion and Analysis
December 31, 2022

Financial Operations Highlights *(continued)*

Operating Revenues

Revenues for 2022 were derived from 4 projects and as follows:

Project Agency Fees:	
1. Horizon @ Ridge Hill	378,426
2. KCT - Cubesmart	91,545
3. 1969 Central Park Ave	78,840
4. Yonkers Joint School Construction Board	462,400
	$ 1,011,211
Other Agency Fees:	
Transfer of Title/Ownership Fees	10,000
Subordination Fees	2,500
Termination Fees	5,000
Refinance Fees	5,000
Amendment Fees	1,749
	$ 24,249
Annual Management Fees:	
Billable Projects	75,000
Larkin Management Fees	80,000
	$155,000
Application Fees (8):	**$ 4,800**
1. 1969 Central Park Ave	
2. St. Clair Development	
3. Warburton Apartments	
4. Plant Manor	
5. Wheeler Block	
6. Mary the Queen	
7. Whitney Young Manor	
8. Vineyard Holdings	
License Fee:	
Pier Lease	**$ 169,749**
Miscellaneous Income:	**$ 15,158**
Total:	**$ 1,380,167**

Financial Operations Highlights *(continued)*

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position

At December 31, 2022, the Agency had $8,138,047 in assets (cash, restricted cash, receivables, prepaid expenses, loan receivable and capital assets, etc.), $460,206 in deferred outflows of resources, $1,302,685 in liabilities (accounts payable and accrued expenses, loan payables, pension liability, etc.), $858,361 in deferred inflows of resources and $6,437,207 in net position. The largest component of the Agency's net position is its investment in capital assets (mainly the leasehold improvements transferred from the Yonkers Pier Development, Inc. and Subsidiary), less any related debt used to acquire those assets that is still outstanding. The net investment in capital assets totaled $1,723,763. These assets are not available for future spending. Although the Agency's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Assets restricted for specific purposes amounted to $200,210 for the Yonkers Pier activities. The balance of $4,513,234 is unrestricted. Details of these amounts are provided in the Statement of Net Position.

Required Supplementary Information

The Schedule of the Agency's Proportionate Share of the Net Pension Liability, New York State and Local Employee's Retirement System is presented in accordance with the provisions of GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions*" and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*" - *An amendment of GASB Statement No. 68.*

Supplementary Information

The Schedules of Indebtedness - Bonds and Notes, Straight-Lease Transactions and Payments in Lieu of Taxes is provided as supplementary information to the financial statements.

Request for Information

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest in the Agency finances. Questions and comments concerning any information provided in this report or requests for additional information should be addressed to the Chief Fiscal Officer, Yonkers Industrial Development Agency, 470 Nepperhan Avenue, Suite 200, Yonkers, New York 10701.

City of Yonkers Industrial Development Agency

Comparative Statement of Net Position
December 31,

	2022	2021
ASSETS		
Cash and equivalents	$ 4,779,542	$ 4,719,399
Accounts receivable, net of allowance for uncollectible amounts of $96,250 at December 31, 2022 and 2021	146,450	150,733
Loan receivable, net of allowance for uncollectible amounts of of $2,746,758 at December 31, 2022 and $2,708,470 at December 31, 2021 (Note 3)	-	-
Prepaid expenses	-	9,229
Lease receivable	173,077	-
Restricted cash	359,564	355,435
	5,458,633	5,234,796
Non-current assets		
Emergency Disaster Relief Program loans receivable	-	243,208
Net pension asset - ERS	200,851	-
Capital assets being depreciated, net	2,478,563	3,031,223
Total Non-Current Assets	2,679,414	3,274,431
Total Assets	8,138,047	8,509,227
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	460,206	542,818
LIABILITIES		
Accounts payable	113,102	76,493
Accrued expenses	271,996	256,330
Escrow deposits	126,882	126,825
Due to other entities	35,905	69,893
Non-current liabilities		
Loans payable, due within one year	208,416	195,203
Loans payable, due in more than one year	546,384	744,522
Net pension liability	-	2,189
Total Liabilities	1,302,685	1,471,455
DEFERRED INFLOWS OF RESOURCES		
Lease related	169,748	-
Pension related	688,613	647,989
	858,361	647,989
NET POSITION		
Net investment in capital assets	1,723,763	2,091,498
Restricted		
Yonkers Pier activities	200,210	100,621
Unrestricted	4,513,234	4,740,482
Total Net Position	$ 6,437,207	$ 6,932,601

See notes to financial statements

City of Yonkers Industrial Development Agency

Comparative Statement of Activities
Year Ended December 31,

	2022	2021
OPERATING REVENUES		
Agency and refinancing fees	$ 1,035,460	$ 2,363,119
Contribution from City of Yonkers	-	840,436
Management administration fees	155,000	159,000
Application fees	4,800	3,600
License fee	169,749	120,000
Miscellaneous income	15,158	1,795
Total Operating Revenues	1,380,167	3,487,950
OPERATING EXPENSES		
Salaries	438,300	435,485
Payroll taxes and employee benefits	99,348	64,581
Rent	147,050	137,850
Consulting and professional fees	266,245	961,128
Advertising, printing and reproduction	329,634	178,217
Travel	5,902	5,036
Insurance	5,223	5,213
Conferences and meetings	6,224	4,385
Communications	36,192	19,497
Office supplies and other	10,241	9,998
Depreciation	552,660	552,746
Emergency disaster relief grants	17,792	-
Total Operating Expenses	1,914,811	2,374,136
Income (Loss) from Operations	(534,644)	1,113,814
NON-OPERATING REVENUES (EXPENSES)		
Workforce investment grant income	1,285,724	1,446,810
Workforce investment grant expenses	(1,285,724)	(1,446,810)
Interest income	64,875	9,816
Interest expense	(25,625)	(31,220)
Total Non-Operating Revenues (Expenses), net	39,250	(21,404)
Change in Net Position	(495,394)	1,092,410
NET POSITION		
Beginning of Year	6,932,601	5,840,191
End of Year	$ 6,437,207	$ 6,932,601

See notes to financial statements

City of Yonkers Industrial Development Agency

Comparative Statements of Cash Flows
Year Ended December 31,

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from agency and other fees	$ 1,381,178	$ 2,693,188
Cash received from City of Yonkers	-	840,436
Cash received from workforce grant	1,285,724	1,446,810
Cash payments for workforce employees	(1,285,724)	(1,446,810)
Cash payments for goods and services	(812,653)	(1,400,601)
Cash payments for salaries and benefits	(601,786)	(528,374)
Net Cash from Operating Activities	(33,261)	1,604,649
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of equipment	-	(1,210)
Repayment of loans payable	(184,925)	(166,544)
Repayment of Emergency Disaster Relief Program loans	243,208	115,292
Interest paid	(25,625)	(31,220)
Net Cash from Capital and Related Financing Activities	32,658	(83,682)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	64,875	9,816
Net Change in Cash and Equivalents	64,272	1,530,783
CASH AND EQUIVALENTS		
Beginning of year	5,074,834	3,544,051
End of year	$ 5,139,106	$ 5,074,834
RECONCILIATION OF CASH AND EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash and equivalents	$ 4,779,542	$ 4,719,399
Restricted cash	359,564	355,435
Total Cash and Equivalents	$ 5,139,106	$ 5,074,834
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income (Loss) from operations	$ (534,644)	$ 1,113,814
Adjustments to reconcile income (loss) from operations to net cash from operating activities		
Depreciation	552,660	552,746
Accounts receivable	4,283	(81,151)
Lease receivable	(173,077)	-
Prepaid expenses	9,229	-
Deferred outflows of resources	82,612	(112,570)
Accounts payable	36,609	(85,427)
Accrued expenses	15,666	37,585
Escrow deposits	57	126,825
Due to other entities	(33,988)	6,150
Deferred inflows of resources	210,372	618,387
Net pension liability (asset)	(203,040)	(571,710)
Net Cash from Operating Activities	$ (33,261)	$ 1,604,649

See notes to financial statements

Note 1 - Organization and Purpose

The City of Yonkers Industrial Development Agency ("YIDA") or ("Agency") was created in 1982 as a public benefit corporation by the New York State Legislature under the provisions of Chapter 83 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 ("City"). The Agency is exempt from Federal, State and local income taxes. The Agency, although supported by the 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.

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. 61 "*The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 35*", the Agency is not considered a component unit of the City.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accounting policies of the Agency conform to generally accepted accounting principles as applicable to governmental units. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Agency reports its operations on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Agency's principal ongoing operation. The principal operating revenues of the Agency are agency, refinancing, application, license and management and administrative fees. Operating expenses include salaries, depreciation, contractual costs and professional fees. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

Cash and Equivalents, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The Agency's deposit and investment policies are governed by State statutes. The Agency has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The Agency is authorized to use demand deposits, time deposit accounts and certificates of deposit.

Collateral is required for these deposits at 102% 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.

Note 2 - Summary of Significant Accounting Policies *(Continued)*

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The Agency follows the provisions of GASB Statement No. 72, *"Fair Value Measurement and Application"*, which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the entity will incur losses in fair value caused by changing interest rates. The Agency does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Agency does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. GASB Statement No. 40, "*Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Agency's name. The Agency's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2022 and 2021.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Agency does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of an entity's investments in a single issuer. The Agency's investment policy limits the amount on deposit at each of its banking institutions.

Allowance for Uncollectible Receivables

Management provides for an allowance for uncollectible receivables based on a combination of write-off history, aging analysis and any specific known amounts. (See Note 3).

Note 2 - Summary of Significant Accounting Policies *(Continued)*

Capitalization and Depreciation

Furniture and fixtures are recorded at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over an estimated useful life of seven years. Leasehold improvements are recorded at cost. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Costs incurred in relation to development of the project for interest, property taxes and insurance are capitalized only during periods in which activities necessary to prepare the property for its intended use are in progress. Expenditures for maintenance and repairs are charged to expense as incurred. The estimated service life of the leasehold improvements is 20 years.

Escrow Deposits

Escrow deposits represent security deposits for Payments in Lieu of Tax ("PILOT") agreements and represent one year of the executed PILOT payment. These payments are to increase each year as the PILOT progresses to "full taxes". The funds must be deposited into a separate interest-bearing account. At the end of the PILOT agreement, the funds are to be returned to the respective companies along with any interest earned as long as such companies have not defaulted on the PILOT agreement. The Agency has reported escrow deposits of $126,882 and $126,825 as of December 31, 2022 and 2021.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

As of December 31, 2022 and 2021, the Agency has reported deferred outflows of resources and deferred inflows of resources in relation to its pension obligations. These amounts are detailed in the discussion of the Agency's pension plan in Note 8.

The Agency also reported deferred inflows of resources of $688,613 in relation to a lease of the Agency. This amount is being deferred and amortized over the life of the lease.

Lease Receivable

The Agency is a lessor for a noncancellable lease of rental space. The Agency recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the Agency initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease

Note 2 - Summary of Significant Accounting Policies *(Continued)*

commence date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the Agency determines (1) the discount rate it uses to discount the expected lease receipts to present value, 2) lease-term, and (3) lease receipts.

- The Agency uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Agency monitors changes in circumstances that would require measurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Net Pension Liability (Asset)

The net pension liability (asset) represents the Agency's proportionate share of the net pension liability (asset) of the New York State and Local Employees' Retirement System. The financial reporting of this amount is presented in accordance with the provisions of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*" and GASB Statement No. 71, "*Pension Transition for Contributions Made Subsequent to the Measurement Date*" - *An Amendment of GASB Statement No. 68"*.

Revenue Recognition

The Agency charges an agency, refinancing, management administration or application fee based on the amount of financing for each project at a predetermined rate. All such agency, management administration and application fees are collected and recognized as revenue at closing.

Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either through the enabling legislation adopted by the Agency or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net position for the Agency includes restricted for activities of the Yonkers Pier.

Note 2 - Summary of Significant Accounting Policies *(Continued)*

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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, deferred outflows of resources, liabilities and deferred inflows of resources 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 those estimates.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is ________, 2023.

Note 3 - Loan Receivable

Loan receivable at December 31, 2022 and 2021 consists of the following:

	2022	2021
Yonkers Larkin Garage, Inc.	$ 2,629,000	$ 2,629,000
Accrued Interest	117,758	79,470
Allowance for uncollectible amounts	(2,746,758)	(2,708,470)
	$ -	$ -

Prior to 2018, the Agency had a loan receivable from the Yonkers Economic Development Corporation ("YEDC"). Simultaneously, the YEDC had a loan receivable from Yonkers Larkin Garage, Inc. ("YLG"). During 2018, the governing boards of the Agency and the YEDC agreed to have the YEDC assign its loan receivable from YLG of $2,629,000 to the Agency in satisfaction of its loan that was in part used to finance the construction of the garage. The loan bears interest at 6.5%. The amounts owed by the YEDC are deemed satisfied and the Agency is due amounts from YLG based on available cash flows from that garage's operations. Since the YLG has not been profitable since inception, it was determined that an allowance should be recorded to reflect the uncertainty of future collection of the loan and accrued interest. There was no interest income on this obligation for the years ended December 31, 2022 and 2021.

Note 4 - Emergency Disaster Relief Program Loans Receivable

In 2020, the Agency provided loans to various organizations located in the City of Yonkers, New York under the City of Yonkers Industrial Development Agency Emergency Relief Program. The loans were made to address the outbreak of novel coronavirus, COVID-19. The loans were made in accordance with Chapter 109 of the Laws of 2020 which allows industrial development agencies to make loans to small businesses and not-for-profit organizations up to $25,000 with certain considerations. The borrowers agree to repay the loans, interest-free, within a year of the expiration of the grace period. The grace period is a sixty-day period after the State disaster emergency ends. The balance of the loans receivable at December 31, 2022 and 2021 was $ - and $243,208.

Note 5 - Restricted Cash

Restricted cash consists of funds held in escrow by the Agency for various projects and activities. Funds are released as authorized invoices are presented for payment or reimbursement. The balance of restricted cash at December 31 is as follows:

	2022	2021
Austin Avenue	$ 5	$ 13,722
Yonkers Pier	208,247	119,556
Transaction Counsel Escrow	-	28,250
Workforce Investment Board	24,430	67,082
Escrow Deposits - Payment in Lieu of Tax Agreements	126,882	126,825
	$ 359,564	$ 355,435

Note 6 - Lease Receivable

The Agency leases rental space. The lease is for twenty-four months and the Agency will receive monthly payments of $15,000. The Agency recognized $169,748 in lease revenue recorded as license fee and $13,580 in interest revenue during the current fiscal year related to this lease. As of December 31, 2022, the Agency's receivable for lease payments was $173,077. Also, the Agency has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of December 31, 2022, the balance of the deferred inflow of resources was $169,748.

Note 7 - Capital Assets

Changes in the Agency's capital assets are as follows:

	Balance January 1, 2022	Additions	Balance December 31, 2022
Capital assets, being depreciated:			
Leasehold improvements	$ 11,014,025	$ -	$ 11,014,025
Furniture and fixtures	27,099	-	27,099
Total capital assets being depreciated	11,041,124	-	11,041,124
Less accumulated depreciation for:			
Leasehold improvements	7,985,165	550,701	8,535,866
Furniture and fixtures	24,736	1,959	26,695
Total accumulated depreciation	8,009,901	552,660	8,562,561
Capital assets, net	$ 3,031,223	$ 552,660	$ 2,478,563

	Balance January 1, 2021	Additions	Balance December 31, 2021
Capital assets, being depreciated:			
Leasehold improvements	$ 11,014,025	$ -	$ 11,014,025
Furniture and fixtures	25,889	1,210	27,099
Total capital assets being depreciated	11,039,914	1,210	11,041,124
Less accumulated depreciation for:			
Leasehold improvements	7,434,464	550,701	7,985,165
Furniture and fixtures	22,691	2,045	24,736
Total accumulated depreciation	7,457,155	552,746	8,009,901
Capital assets, net	$ 3,582,759	$ 551,536	$ 3,031,223

Note 8 - Long-Term Liabilities

The following table summarizes changes in the Agency's long-term liabilities for the year ended December 31, 2022:

	Balance January 1, 2022	New Issues/ Additions	Maturities and/or Payments and Other	Balance December 31, 2022	Due Within One Year
Loans payable	$ 939,725	$ -	$ 184,925	$ 754,800	$ 208,416
Net Pension Liability- ERS	2,189	-	2,189	-	-
Long-Term Liabilities	$ 941,914	$ -	$ 187,114	$ 754,800	$ 208,416

	Balance January 1, 2021	New Issues/ Additions	Maturities and/or Payments and Other	Balance December 31, 2021	Due Within One Year
Loans payable	$ 1,106,269	$ -	$ 166,544	$ 939,725	$ 195,203
Net Pension Liability- ERS	573,899	-	571,710	2,189	-
Long-Term Liabilities	$ 1,680,168	$ -	$ 738,254	$ 941,914	$ 195,203

Loans Payable

Loans payable are comprised of the following:

Section 108 Loan - Yonkers Pier

The Agency took over a Section 108 loan in 2015. Principal repayments began April 1, 2015 (August 1, 2015 for Note C), along with quarterly interest payments, with any unpaid principal and interest due upon maturity. The loan bears interest at rates ranging from .31% to 3.1% depending on maturity. At December 31, 2022 aggregate annual debt maturities, excluding interest, are as follows:

2023	$ 75,000
2024	100,000
2025	100,000
2026	150,000
2027	175,000
	$ 600,000

Note 8 - Long-Term Liabilities (Continued)

New York Power Authority ("NYPA")

The terms of the loan provide for repayment over nine years in monthly installments of principal and interest. Interest is charged at 2.92%. The principal and interest requirement to NYPA is included in the monthly energy bill for the City. The Agency reimburses the City the monthly installments of $10,503. At December 31, 2022 aggregate annual debt maturities, excluding interest, are as follows:

2023	$ 133,416
2024	21,384
	$ 154,800

The NYPA loan and the Section 108 loan, in the original amounts of $982,736 and $950,000, were transferred to the Agency as special obligations payable to the extent of and limited to sub license fees due from HCC Caterers, Inc.

Pension Plan

New York State and Local Employees' Retirement System

The Agency and the Workforce Investment Board participate in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Agency also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The ERS is noncontributory except for employees who joined after July 2, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Contribution rates for the plan's year ending in 2022 and 2021 are as follows:

Note 8 - Long-Term Liabilities (Continued)

	Tier/Plan	Rate
2022	4 A15	12.9 %
	5 A15	11.0
	6 A15	8.1
2021	4 A15	18.0 %
	5 A15	15.0
	6 A15	10.5

The Agency reported the following for its proportionate share of the net pension liability (asset) for ERS at December 31:

	2022	2021
Measurement date	March 31, 2022	March 31, 2021
Net pension liability (asset)	$ (200,851)	$ 2,189
Agency's proportion of the net pension liability (asset)	0.0024570 %	0.0021987 %
Change in proportion since the prior measurement date	0.0002583 %	0.0000315 %

The net pension liability (asset) was measured as of March 31, 2022 and 2021 and the total pension liability used to calculate the net pension liability (asset) was determined by actuarial valuations as of those dates. The Agency's proportion of the net pension liability (asset) was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members.

For the years ended December 31, 2022 and 2021, the Agency recognized its proportionate share pension expense of $46,750 and ($28,484). At December 31, 2022 and 2021, the Agency reported its proportionate share of deferred outflows of resources and deferred inflows of resources related to the ERS from the following sources:

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 15,211	$ 19,729
Changes of assumptions	335,198	5,656
Net difference between projected and actual earnings on pension plan investments	-	657,703
Changes in proportion and differences between Agency contributions and proportionate share of contributions	42,304	5,525
Agency contributions subsequent to the measurement date	67,493	-
	$ 460,206	$ 688,613

Note 8 - Long-Term Liabilities (Continued)

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 26,738	$ -
Changes of assumptions	402,548	7,592
Net difference between projected and actual earnings on pension plan investments	-	628,905
Changes in proportion and differences between Agency contributions and proportionate share of contributions	23,774	11,492
Agency contributions subsequent to the measurement date	89,758	-
	$ 542,818	$ 647,989

The amount of $67,493 reported as deferred outflows of resources at December 31, 2022 related to ERS resulting from the Agency's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the plan's year ended March 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

For Years Ending March 31,	
2023	$ (41,673)
2024	(63,626)
2025	(161,235)
2026	(29,366)
2027	-
	$ (295,900)

The total pension liability for the March 31, 2022 measurement date was determined by using an actuarial valuation date as noted below with update procedures used to roll forward the total pension liability to the measurement date. Significant actuarial assumptions used in the valuation were as follows:

Measurement date	March 31, 2022
Actuarial valuation date	April 1, 2021
Investment rate of return	5.9% *
Salary scale	4.4%
Inflation rate	2.7%
Cost of living adjustments	1.4%

*Compounded annually, net of pension plan investment expenses, including inflation.

Note 8 - Long-Term Liabilities (Continued)

Annuitant mortality rates are based on the System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020.

The actuarial assumptions used in the valuation are based on the results of an actuarial experience study of the period April 1, 2015 - March 31, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation is summarized in the following table.

Asset Type	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32 %	3.30 %
International Equity	15	5.85
Private Equity	10	6.50
Real Estate	9	5.00
Opportunistic/ARS Portfolio	3	4.10
Credit	4	3.78
Real Assets	3	5.80
Fixed Income	23	0.00
Cash	1	(1.00)
	100 %	

The real rate of return is net of the long-term inflation assumption of 2.7%.

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 8 - Long-Term Liabilities (Continued)

The following presents the Agency's proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9%, as well as what the Agency's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.9%) or 1 percentage point higher (6.9%) than the current rate:

	2022		
	1% Decrease (4.9%)	Current Discount Rate (5.9%)	1% Increase (6.9%)
Agency's proportionate share of the net pension liability (asset)	$ 516,989	$ (200,851)	$ (801,289)

	2021		
	1% Decrease (4.9%)	Current Discount Rate (5.9%)	1% Increase (6.9%)
Agency's proportionate share of the net pension liability (asset)	$ 607,674	$ 2,189	$ (556,209)

The components of the current year collective net pension liability (asset) as of the March 31, 2022 measurement date were as follows:

Total pension liability	$ 223,874,888,000
Fiduciary net position	232,049,473,000
Employers' net pension liability (asset)	$ (8,174,585,000)
Fiduciary net position as a percentage of total pension liability	103.65%

Employer contributions to ERS are paid annually and cover the period through the end of the System's fiscal year, which is March 31st. Retirement contributions as of December 31, 2022 represent the employer contribution for the period of April 1, 2022 through December 31, 2022 based on prior year ERS wages multiplied by the employers' contribution rate, by tier. Retirement contributions to ERS for the nine months ended December 31, 2022 were $67,493.

Voluntary Defined Contribution Plan

The Agency can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of $75,000 or more. The employee contribution is between 3% and 6% depending on salary and the Agency will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

Note 9 - Other Post Employment Benefit Obligations

The Agency does not provide healthcare benefits for retired employees.

Note 10 - Industrial Revenue Bonds and Notes and Straight-Lease Transactions

Certain industrial 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, the City or the State of New York. 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. In addition, the Agency receives closing fees for straight-lease transactions of half of one percent of total project costs. Such administrative fee income is recognized immediately upon issuance of bonds and notes or closing on leases.

Note 11 - Related Parties

Yonkers Economic Development Corporation

The Yonkers Economic Development Corporation ("Corporation") was created in 2007 to provide certain taxable and tax exempt financial assistance on occasions where these incentives are no longer provided by the Agency or in instances where the Agency's ability to assist economic development projects has been significantly limited. The Corporation's purpose of promoting the creation and preservation of employment opportunities is in line with the Agency's overall objectives and may deliver financial assistance in a more cost effective form through this federal exempt corporation under IRS Section 115. In addition, the debt issuances of the Corporation will not be liabilities of the State of New York, the City or the Agency. The Corporation's board is comprised of four of the seven Agency board members.

Note 12 - Stewardship, Compliance and Accountability

New Accounting Pronouncement

GASB Statement No. 87, "*Leases*", established a single model for lease accounting based on concept that leases are a financing of a "right-to-use" underlying asset. This statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset and a lessor to recognize a lease receivable and a deferred inflow of resources. The requirements of GASB Statement No. 87 are effective for the Agency's fiscal year ended December 31, 2022. As a result, the Agency reported a lease receivable of $173,077 and a deferred inflow of resources associated with this lease of $169,748 as of December 31, 2022. See Note 6.

Note 13 - Commitments and Contingencies

Litigation

In the normal course of business there are a number of actions against the Agency that involve personal injury and/or contractual disputes between the plaintiff's and the project beneficiary. In each case, the Agency has been indemnified by the project beneficiary and, in the opinion of the Agency's management,

Note 12 - Commitments and Contingencies (Continued)

the project beneficiary has insurance in place to mitigate any losses that may ultimately result from the resolution of such litigation. While the Agency has been named in many of these actions, in the opinion of management based on consultation with legal counsel, the ultimate resolution of such litigation matters should not result in any liability to the Agency.

Austin Avenue

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. All physical work required by NYSDEC in the approved Remedial Action Plan has been completed as of December 31, 2018. The NYSDEC has issued a certificate of completion for the site. As of December 31, 2022 and 2021, all bills relating to this work were paid and the Agency's dedicated account for the Austin Avenue remediation held a balance of $5 and $13,722 to pay any final legal bills, insurance costs and NYSDEC fees. The details of the restricted cash relating to this project is disclosed in Note 5.

Ground Lease

The Ground Lessor is the owner of real estate located at 10 Woodworth Avenue and 45 Warburton Avenue, Yonkers, New York (together the "Premises") where the Yonkers Larkin Garage Project ("Project") is located. The Ground Lessor leased the Premises to the Yonkers Community Development Agency ("YCDA") under a ground lease agreement dated August 5, 2011 ("Initial Ground Lease") and immediately thereafter, YCDA granted the easements to the City and the County of Westchester, New York. YCDA assigned its leasehold interest under the initial Ground Lease to the YEDC pursuant to the Assignment of Initial Ground Lease. The YEDC thereafter assigned its leasehold interest under the Initial Ground Lease to the YIDA to develop and operate a garage for private and general public use. The Initial Ground Lease was amended by the Ground Lessor under which it has ground leased the Premises to the YIDA for a term of 49 years. Title to all buildings and improvements situated or erected on the Premises shall vest to the Ground Lessor on the day following the last day of the term.

Ground Sublease

In August 2011, the YIDA and the YLG executed a sublease, whereby YLG was granted the rights to use the land and existing improvements for purposes of constructing and operating the Project. The term of the ground sublease is for 49 years and requires the YLG to pay the City base rent once a year in August at an amount based on "Available Cash Flow" as defined by the ground sublease agreement.

Note 14 - Risk Management

The Agency purchases conventional insurance coverage for directors and officers liability and employment practices liability in the combined form. The current policy reflects a combined limit of $2 million per occurrence or $2 million for the period of the policy.

Note 15 - Workforce Investment Board

YIDA is established to advance the job opportunities, health, general prosperity and economic welfare and standard of living of the inhabitants of the City. To further its objectives of economic development, the YIDA Board approved and established a relationship with the Workforce Investment Board in May 2009. Its Chairman, as Mayor of the City, was designated as a grant recipient to create and implement workforce

Note 15 - Workforce Investment Board (Continued)

investment activities. Grant employees were hired to conduct activities to meet the objectives and are solely funded by grants. These grant employees receive employment benefits consistent with other YIDA employees to the extent that such benefits are reimbursable to YIDA. The activities related to the workforce grant are reported as non-operating revenues and expenses on the Statement of Activities.

Note 16 - Recently Issued GASB Pronouncements

GASB Statement No. 96, *"Subscription-Based Information Technology Arrangements"* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users. This Statement defines a SBITA and establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding liability. The Statement also provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, as well as detailing the requirements for note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the Agency believes will most impact its financial statements. The Agency will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

Note 17 - Subsequent Events

During March 2023, Signature Bank ("Bank") has been closed by the New York Department of Financial Services, which appointed the Federal Deposit Insurance Corporation ("FDIC") as receiver. As of March 12, 2023, the Agency had deposit accounts with the Bank with an aggregate balance of approximately $4,910,267.

As of March 12, 2023, the FDIC has taken over all deposits of the Bank and has stated that all depositors will be made whole even though they exceed the FDIC limits of $250,000. At this time, the Agency expects to continue to be able to meet its payroll and other obligations through this provider. However, due to disruptions to the U.S. banking system caused by the recent developments involving the Bank, the Agency may experience delays in its ability to transfer funds whether held with the Bank or otherwise.

*****

City of Yonkers Industrial Development Agency

Required Supplementary Information

December 31, 2022

Required Supplementary Information
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)

Schedule of the Agency's Proportionate Share of the Net Pension Liability (Asset) (2)

	2022 (4)	2021 (4)	2020 (3)	2019	2018	2017	2016	2015
Agency's proportion of the net pension liability (asset)	0.0024570%	0.0021987%	0.0021672%	0.0022820%	0.0025275%	0.0026327%	0.0026060%	0.0038741%
Agency's proportionate share of the net pension liability (asset)	$ (200,851)	$ 2,189	$ 573,899	$ 161,688	$ 81,575	$ 247,376	$ 418,278	$ 130,877
Agency's covered payroll	$ 871,815	$ 855,744	$ 830,853	$ 746,791	$ 703,768	$ 752,593	$ 701,732	$ 681,322
Agency's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-23.04%	0.26%	69.07%	21.65%	11.59%	32.87%	59.61%	19.21%
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

Schedule of Contributions

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 118,698	$ 104,612	$ 95,101	$ 95,267	$ 96,297	$ 93,154	$ 84,656	$ 83,895
Contributions in relation to the contractually required contribution	(118,698)	(104,612)	(95,101)	(95,267)	(96,297)	(93,154)	(84,656)	(83,895)
Contribution excess	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Agency's covered payroll	$ 985,793	$ 967,257	$ 819,284	$ 807,967	$ 708,814	$ 687,779	$ 758,089	$ 751,107
Contributions as a percentage of covered payroll	12.04%	10.82%	11.61%	11.79%	13.59%	13.54%	11.17%	11.17%

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "*Accounting and Financial Reporting for Pensions*".
(2) The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.
(3) Increase in the Agency's proportionate share of the net pension liability (asset) mainly attributable to decrease in plan fiduciary net position due to investment losses.
(4) Decrease in the Agency's proportionate share of the net pension liability (asset) mainly attributable to increase in plan fiduciary net position due to investment gains.

City of Yonkers Industrial Development Agency

Other Supplementary Information

December 31, 2022

City of Yonkers Industrial Development Agency

Supplementary Information
Statement of Indebtedness - Bonds and Notes
December 31, 2022

Project Name Owner Name and Address	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance at 1/1/2022	New Issues in 2022
Consumer Union	December 2005	6/1/2036	3.67%	$ 47,300,000	$ 32,400,000	$ -
Monastery Manor Association, L.P.	September 2005	4/1/2037	5.00%	9,500,000	6,635,000	-
Sacred Heart A	September 2006	10/1/2037	3.80 - 5.00%	7,345,000	5,300,000	-
Center of Family Services	January 2008	7/1/2023	5.50 - 5.80%	1,190,000	225,000	-
Jefferson Terrace - 2006 A	December 2006	5/1/2048	5.95%	3,600,000	3,141,981	-
Main Street Lofts	December 2005	12/1/2038	2.80%	44,600,000	44,600,000	-
Sarah Lawrence College, Series B	December 2009	6/1/2032	7.75%	1,950,000	1,950,000	-
Yonkers Joint School Commission Bond - Series 2021	September 2021	11/1/2051	4.00 - 5.00%	25,000,000	25,000,000	-
Yonkers Joint School Commission Bond - Series 2022	December 2022	11/1/2051	5.00 - 5.25%	-	-	46,240,000
				$ 140,485,000	$ 119,251,981	$ 46,240,000

Project Purpose Codes
1 - Services
2 - Construction
3 - Agriculture, Forestry and Fishing
4 - Wholesale Trade
5 - Retail Trade
6 - Finance, Insurance and Real Estate
7 - Transportation, Communication, Electric, Gas and Sanitary Services
8 - Other
9 - Manufacturing

See independent auditors' report.

Retired in 2022	Balance at 12/31/2022	Project Purpose Code	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained	Tax Exemptions			
					Real Property Tax			Federal Tax Exemptions
					County	Local	School	
$ 1,675,000	$ 30,725,000	8	420	-	$ n/a	$ 13,519	$ 27,839	Exempt
275,000	6,360,000	8	7	7	5,584	11,250	23,166	Exempt
225,000	5,075,000	8	7	7	5,584	11,250	23,166	Exempt
60,000	165,000	8	9	-	n/a	n/a	n/a	Exempt
50,605	3,091,376	8	3	3	n/a	n/a	n/a	Exempt
-	44,600,000	8	6	6	95,403	183,142	377,144	Exempt
-	1,950,000	8	345	345	n/a	n/a	n/a	Exempt
-	25,000,000	8	14	14	n/a	n/a	n/a	Exempt
-	46,240,000	8	14	14	n/a	n/a	n/a	Exempt
$ 2,285,605	$ 163,206,376							

City of Yonkers Industrial Development Agency

Supplementary Information
Schedule of Straight-Lease Transactions Executed in 2022
December 31, 2022

Project Name Owner Name and Address	Total Amount of Lease	Method of Financial Assistance, Other than the Tax Exemptions	Project Purpose Code	Original Estimate of Jobs to be Created	Original Estimate of Jobs to be Retained
X20 - Xaviers on the Hudson 71 Water Grant Street Yonkers, NY 10701	$180,000/Year	Loan	8	n/a	n/a

Project Purpose Codes
1 - Services
2 - Construction
3 - Agriculture, Forestry and Fishing
4 - Wholesale Trade
5 - Retail Trade
6 - Finance, Insurance and Real Estate
7 - Transportation, Communication, Electric, Gas and Sanitary Services
8 - Other
9 - Manufacturing

See independent auditors' report.

City of Yonkers Industrial Development Agency

Supplementary Information
Schedule of Payments in Lieu of Taxes
December 31, 2022

Project	Total	City	County
11-23 St. Casmir Avenue	$ 37,500	$ 32,044	$ 5,456
1175 Warburton	219,439	188,476	30,963
188 Warburton - Shelter Rent	59,470	50,817	8,653
222 Lake Ave - Lake Opportunity Holdings	35,000	30,061	4,939
326 Riverdale Owners	221,682	190,402	31,280
34 Highland Partners LLC	37,885	32,539	5,346
411 Bronx River Development LLC	52,708	45,271	7,437
555 Storage	247,347	212,446	34,901
56 Prospect Holdings LLC	26,082	22,402	3,680
57 Alexander	133,019	114,250	18,769
70 Ashburton Ave - Hudson Blue	72,298	62,309	9,989
78 Morningside	19,043	16,272	2,771
9-11 Riverdale	11,323	9,725	1,598
AAM Yonkers A Hotel LLC	424,405	364,521	59,885
Ashburton Avenue, LP	980	842	138
Avalon ATI Site	602,956	517,877	85,079
Avalon Sun Sites	705,903	606,298	99,605
Brooks Shopping Center, LLC	6,000,000	5,153,386	846,614
Cahokia	29,324	25,186	4,138
Collins I - Hudson Park Investors	1,396,110	1,203,168	192,942
Collins II	1,600,500	1,374,666	225,834
Collins III Yonkers Waterfront	356,211	305,949	50,262
Consumers Union B	41,357	41,357	-
CPG III - Shelter Rent	116,313	100,238	16,074
Cromwell Towers	231,240	198,611	32,629
Croton Heights	1,000	859	141
Dayspring Commons L.P.	77,699	66,736	10,963
Extell Hudson Waterfront LLC	358,874	308,237	50,637
FC Yonkers (Ridge Hill)	580,575	496,102	84,474
FC Yonkers (Ridge Hill)	580,575	496,102	84,474
FC Yonkers (Ridge Hill)	580,575	496,102	84,474
FC Yonkers (Ridge Hill)	580,575	496,102	84,474
FC Yonkers (Ridge Hill)	580,575	496,102	84,474
FC Yonkers (Ridge Hill)	580,575	496,102	84,474
FC Yonkers (Ridge Hill)	580,575	498,656	81,919
FC Yonkers (Ridge Hill)	580,575	498,656	81,919
FC Yonkers (Ridge Hill)	580,575	498,656	81,919
FC Yonkers (Ridge Hill)	580,575	498,656	81,919
FC Yonkers (Ridge Hill)	580,575	498,656	81,919
FC Yonkers (Ridge Hill)	606,958	522,226	84,731

(Continued)

City of Yonkers Industrial Development Agency

Supplementary Information
Schedule of Payments in Lieu of Taxes (Continued)
December 31, 2022

Project	Total	City	County
Grant Park II	$ 44,240	$ 37,998	$ 6,242
Greyston Bakery	25,000	21,510	3,490
InStock Cabinets	136,563	117,294	19,269
Jackson Terrace Preservation LLC	55,433	47,772	7,661
Jefferson Terrace	75,000	64,530	10,470
406 Walnut/Kubasek Owners LLC	256,753	221,270	35,483
Lionsgate - Phase 1	103,127	88,575	14,551
Macys	1,229,408	1,055,936	173,472
Main Street Lofts	54,641	46,690	7,950
Main Street Lofts	54,641	46,690	7,950
Main Street Lofts	54,641	46,690	7,950
Main Street Lofts	54,641	46,690	7,950
Main Street Lofts	54,641	46,690	7,950
Main Street Lofts	54,641	46,690	7,950
Main Street Lofts	54,641	46,690	7,950
Main Street Lofts	54,641	46,690	7,950
Main Street Lofts	54,641	46,690	7,950
Main Street Lofts	54,641	46,690	7,950
Main Street Lofts	54,641	46,690	7,950
Main Street Lofts	54,641	46,690	7,950
Maple Realty Management Inc	35,461	30,457	5,004
MillCreek	63,092	54,190	8,902
Monastery Manor	40,000	34,416	5,584
Monastery Manor - Shelter Rent	32,999	28,438	4,560
Mulford I, LP	2,000	1,709	291
Parkledge Apartments	428,906	369,631	59,275
Post Street	76,800	65,626	11,174
P.S 6 - Shelter Rent	121,051	104,322	16,729
Point and Ravine	59,434	51,047	8,386
Rising	89,341	76,735	12,606
RiverTides	763,460	655,734	107,726
Riverview II Preservation LP	333,366	286,327	47,039
RMS Warburton	263,104	225,980	37,125
RXR Soyo	887,497	762,269	125,228
Sacred Heart	40,000	34,416	5,584
Sacred Heart - Shelter Rent	26,033	22,436	3,598
St. Casimirs, LP	91,334	78,447	12,887
Stagg Construction	174,691	150,041	24,649
Tacos El Poblanos	16,180	13,897.05	2,283.05
Warburton Riverview Owners LLC	25,682	22,058	3,624

(Continued)

City of Yonkers Industrial Development Agency

Supplementary Information
Schedule of Payments in Lieu of Taxes (Concluded)
December 31, 2022

Project	Total	City	County
Westchester ALP 1	$ 65,280	$ 56,069	$ 9,211
Westchester ALP 2	14,720	12,643	2,077
Whitney Young	151,259	129,916	21,343
Woodstock	30,000	25,767	4,233
Woodstock - Shelter Rent	6,447	5,509	938
MGM Yonkers	5,381,493	4,622,152	759,341
Yonkers BV AMS LLC	27,381	23,517	3,864
Yonkers Contracting Company	87,941	75,532	12,408

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditors' Report

The Board of Directors of the City of Yonkers Industrial Development Agency

We have audited, in accordance with the 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, the financial statements of the City of Yonkers Industrial Development Agency ("Agency") which comprise the statement of net position as of December 31, 2022 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March xx, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP
Harrison, New York
March xx, 2023

City of Yonkers Industrial Development Agency

Schedule of Cash and Investments

Years Ended December 31, 2022 and 2021

City of Yonkers Industrial Development Agency

Table of Contents

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

The Board of Directors of the
City of Yonkers Industrial Development Agency

Report on the Audit of the Schedule of Cash and Investments

Opinion

We have audited the Schedule of Cash and Investments ("Schedule") of the City of Yonkers Industrial Development Agency ("Agency") as of and for the years ended December 31, 2022 and 2021 and the related notes to the Schedule.

In our opinion, the accompanying Schedule and related notes referred to above present fairly, in all material respects, the cash and investments of the Agency as of December 31, 2022 and 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Schedule. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

PKF O'CONNOR DAVIES LLP
500 Mamaroneck Avenue, Harrison, NY 10528 I Tel: 914.381.8900 I Fax: 914.381.8910 I www.pkfod.com

Auditors' Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.
- Obtain an understanding of internal control relevant to the audit in order to design 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March xx, 2022 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters with respect to the Schedule. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP
Harrison, New York
March xx, 2023

City of Yonkers Industrial Development Agency

Schedule of Cash and Investments
December 31,

	2022	2021
Cash and equivalents	$ 4,779,542	$ 4,719,399
Restricted cash	359,564	355,435
	$ 5,139,106	$ 5,074,834

See accompanying notes.

Note 1 - Organization and Purpose

The City of Yonkers Industrial Development Agency ("YIDA") or ("Agency") was created in 1982 as a public benefit corporation by the New York State Legislature under the provisions of Chapter 83 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 ("City"). The Agency is exempt from Federal, State and local income taxes. The Agency, although supported by the 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.

Note 2 - Summary of Significant Accounting Policies

Cash and Equivalents, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The Agency's deposit and investment policies are governed by State statutes. The Agency has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The Agency is authorized to use demand deposits, time deposit accounts and certificates of deposit.

Collateral is required for these deposits at 102% 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 - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The Agency follows the provisions of GASB Statement No. 72, *"Fair Value Measurement and Application"*, which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

The Agency does not have any investments at December 31, 2022 and 2021.

Note 2 - Summary of Significant Accounting Policies (Continued)

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the entity will incur losses in fair value caused by changing interest rates. The Agency does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Agency does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. GASB Statement No. 40, "*Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the Agency's name. The Agency's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2022 and 2021.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Agency does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of an entity's investments in a single issuer. The Agency's investment policy limits the amount on deposit at each of its banking institutions.

Restricted Cash - Restricted cash consists of funds held in escrow by the Agency for various projects and activities. Funds are released as authorized invoices are presented for payment or reimbursement. The balance of restricted cash at December 31 is as follows:

	2022	2021
Austin Avenue	$ 5	$ 13,722
Yonkers Pier	208,247	119,556
Transaction Counsel Escrow	-	28,250
Workforce Investment Board	24,430	67,082
Escrow Deposits - Payment in Lieu of Tax Agreements	126,882	126,825
	$ 359,564	$ 355,435

Note 3 - Subsequent Events

During March 2023, Signature Bank ("Bank") has been closed by the New York Department of Financial Services, which appointed the Federal Deposit Insurance Corporation ("FDIC") as receiver. As of March 12, 2023, the Agency had deposit accounts with the Bank with an aggregate balance of approximately $4,910,267.

Note 3 - Subsequent Events (Continued)

As of March 12, 2023, the FDIC has taken over all deposits of the Bank and has stated that all depositors will be made whole even though they exceed the FDIC limits of $250,000. At this time, the Agency expects to continue to be able to meet its payroll and other obligations through this provider. However, due to disruptions to the U.S. banking system caused by the recent developments involving the Bank, the Agency may experience delays in its ability to transfer funds whether held with the Bank or otherwise.

*****

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Schedule of Cash and Investments Performed in Accordance With *Government Auditing Standards*

Independent Auditors' Report

The Board of Directors of the
City of Yonkers Industrial Development Agency

We have audited, in accordance with the 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, the Schedule of Cash and Investments ("Schedule") of the City of Yonkers Industrial Development Agency ("Agency") as of December 31, 2022 and the related statements of activities and cash flows for the year then ended, and the related notes to the Schedule, and have issued our report thereon dated March xx, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the Schedule, we considered the Agency's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Schedule, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's Schedule will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's Schedule is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, investment policies established by the Agency and the New York State Comptroller investment guideline requirements as presented in Section 201.3(c) of the *Accounting, Reporting and Supervision Requirements for Public Authorities*, noncompliance with which could have a direct and material effect on the Schedule. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP
Harrison, New York
March xx, 2023

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS
ESTABLISHED IN 1891

City of Yonkers Industrial Development Agency

Report to Those Charged with Governance

December 31, 2022

March xx, 2023

Prepared by

Robert A. Daniele, CPA
Partner
rdaniele@pkfod.com

KNOW
GREATER
VALUE

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS
ESTABLISHED IN 1891

March xx, 2023

The Board of Directors and Executive Director
City of Yonkers Industrial Development Agency

We have audited the financial statements of the City of Yonkers Industrial Development Agency ("Agency") as of and for the year ended December 31, 2022 and have issued our report thereon dated March xx, 2023.

Professional standards require us to communicate with you regarding audit matters that are, in our professional judgment, significant and relevant to those charged with governance ("TCWG") in overseeing the financial reporting process. This communication is intended to provide you with these required communications as well as other findings and information regarding our audit.

We are pleased to be of service to you and the Agency and appreciate the opportunity to present our audit findings to you. We are also pleased to discuss other matters which may be of interest to you and to answer any questions you may have.

This information is intended solely for the information and use of TCWG and management of the Agency, is not intended to be, and should not be used by anyone other than these specified parties.

Very truly yours,

PKF O'Connor Davies, LLP

Contents

Appendices

1 – Corrected Misstatements

2 – Management Representation Letter

3 – About PKF O'Connor Davies, LLP

Status of the Audit

Audit of Financial Statements

- Audit fieldwork is complete.
- The financial statements have been drafted and reviewed by management.
- We have issued an unmodified report on the financial statements.

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS
ESTABLISHED IN 1891

Required Communications and Other Matters

Required Item	Comments
Auditor's responsibility under professional standards and planned scope and timing of the audit	We have communicated such information in our engagement letter to you dated November 10, 2022. Generally, these responsibilities include: • Forming and expressing an opinion on the financial statements. • Obtaining reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud. • Accumulating and communicating uncorrected misstatements to Those Charged with Governance ("TCWG"). • Maintaining professional skepticism. • Communicating audit related matters that are, in our professional judgment, significant to TCWG.
Supplementary information accompanying the financial statements	Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Required Item	Comments
Other supplementary information accompanying the financial statements	Our responsibility for the other supplementary information accompanying the financial statements is to read the other supplementary information and consider whether a material inconsistency exists between the other supplementary information and the financial statements, or the other supplementary information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other supplementary information exists, we are required to describe it in our report.
Required supplementary information accompanying the financial statements	We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.
Other information in documents containing audited financial statements	Our responsibility as auditors for other information in documents containing the audited financial statements does not extend beyond the financial information identified in the auditors' report, and we are not required to perform any procedures to determine that such other information is properly stated.
Our responsibilities under the Yellow Book	In connection with our audit we performed tests of the Agency's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Required Item	Comments
Responsibilities of management and TCWG	Management's responsibilities include: • The fair presentation of the financial statements, including the selection of appropriate accounting policies. • Establishing and maintaining effective internal control. • Complying with laws, regulations, grants and contracts. • Providing the auditors with all financial records and related information and a signed representation letter. • Evaluate if there are any conditions or events, considered in the aggregate that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter. • Setting the proper tone at the top. • Designing and implementing policies and controls to prevent and detect fraud. TCWG are responsible for communicating with the auditors and overseeing the financial reporting process.
Qualitative aspects of accounting practices - *Accounting Policies*	Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except for the adoption of the provisions of Governmental Accounting Standards Board Statement No. 87, "*Leases*". The accounting policies of the Agency conform to U.S. generally accepted accounting principles as applicable to state and local governments. The Agency's reports are based on all applicable GASB pronouncements. We noted no transactions entered into by the Agency during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.
Qualitative aspects of accounting practices – *Significant Unusual Transactions*	No matters have come to our attention that would require us to inform you about the methods used to account for significant unusual transactions.

Required Item	Comments
Qualitative aspects of accounting practices - ***Accounting Estimates and Management's Judgment***	Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Agency's financial statements were: • Actuarial assumptions and proportionate share calculations related to pension liabilities • Asset lives for depreciable capital assets • Estimates of certain receivable balances and allowances for uncollectible amounts • Estimates for certain operating and long-term liabilities
Qualitative aspects of accounting practices - ***Financial Statement Disclosures***	Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements are: • **Note 2** – which summarizes significant accounting policies • **Note 7** – which summarizes long-term liabilities including pension obligations The financial statement disclosures are consistent and clear.
Going concern	The auditor is required to communicate with TCWG events or conditions that, when considered in the aggregate; indicate a substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time. We concur with management's assessment that the Agency will continue as a going concern for one year from the balance sheet date.

Required Item	Comments
Significant risks	We have identified the following significant risks in connection with our audit: Management override of internal controls Improper revenue recognition to due to fraud The audit procedures apply as a result of the aforementioned significant risk were designed to and have used the risk of material misstatement to low.
Difficulties encountered in performing the audit	We encountered no significant difficulties in dealing with management in performing and completing our audit.
Corrected and uncorrected misstatements	Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. We are required to communicate to you misstatements that remain uncorrected, including any related to prior periods, and the effect, if any, that they may have on the opinion in our report, and request their correction. There are no such financial statement misstatements that remain uncorrected. In addition, we are required to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. In addition, corrected misstatements that were brought to the attention of management as a result of our audit procedures are also included in Appendix 1.
Disagreements with management	For purposes of this communication, a disagreement with management is a matter, whether or not resolved to our satisfaction, concerning financial accounting, reporting, or auditing, which could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of the audit.
Management representations	We have requested certain representations from management that are included in the management representation letter (see Appendix 2).

Required Item	Comments
Management's consultations with other accountants	In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.
Auditor independence	We affirm that PKF O'Connor Davies, LLP is independent with respect to the Entity in accordance with relevant professional standards.
Significant issues discussed with management prior to retention	We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Entity's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS
ESTABLISHED IN 1891

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Yonkers Industrial Development Agency's ("Agency") internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we express no such opinion.

Professional standards require that we communicate to you, in writing, all significant deficiencies and/or material weaknesses in internal control that we identify in performing our audit. For this purpose, deficiencies in internal control are categorized as follows:

- A **deficiency in internal control** exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

- A **material weakness** is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

- A **significant deficiency** is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management and others charged with governance and is not intended to be and should not be used by anyone other than these specified parties. We will be pleased to discuss these communications and comments in further detail at your convenience, or to assist you in implementing the recommendations.

Harrison, New York
March xx, 2023

On the Horizon

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements ("SBITA")*

A SBITA is defined as a contract that conveys control of the right to use another party's information technology ("IT") software, alone or in combination with tangible capital assets (the underlying IT assets), as specific in the contract for a period of time in an exchange or exchange-like transaction. The subscription term not only includes the period during which a government has a noncancellable right to use the asset, but also include periods covered by an option to extend or terminate.

Under this Statement, a government generally should recognize the right-to-use subscription asset as an intangible asset and a corresponding subscription liability. The liability should be recognized at the commencement of the subscription term, which is when the subscription asset is placed into service. The liability should be initially measured at the present value of the subscription payments expected to be made during the subscription term. Any future payments should be discounted using the interest rate charged, or if not readily determinable, the government's incremental borrowing rate should be used.

The subscription asset will be measured as the sum of the liability amount, payments made to the vendor prior to commencing the subscription term and any implementation costs, offset by any incentives received from the vendor. The amortization of the subscription asset would then be reported as an outflow of resources over the subscription term.

The Statement does provide an exception for short-term SBITAs, which have maximum contractual terms of 12 months or less, including any option to extend regardless of their probability of being exercised. Any payments for these short-term SBITAs would be recognized as outflows of resources.

Further, the Statement provides for additional disclosure requirements detailing descriptive information about the SBITA, including but not limited to the amount of the subscription asset, accumulated amortization, other payments not included in the measurement liability, principal and interest requirements and any other essential information.

Governments should review this standard early to anticipate what changes might need to be made to policies, accounting procedures, laws and regulations. The provisions of this Statement are **effective for fiscal years beginning after June 15, 2022 (i.e., the Agency's financial statements for the year ended December 31, 2023).**

Appendix 1

Corrected Misstatements

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS
ESTABLISHED IN 1891

City of Yonkers Industrial Development Agency
Corrected Misstatements
December 31, 2022

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 2			
GASB 68 Adjustment			
490	Net Pension Asset	200,851.00	
5010	GASB 68 Pension Liability	2,189.00	
3012	GASB 68 - Perpaid Expense		82,612.00
5302	GASB 68 Deferred Income		40,624.00
8125	Pension Costs		79,804.00
Total		**203,040.00**	**203,040.00**
Adjusting Journal Entries JE # 4			
To move 108 note payable principle payment from interest expense to			
5200	Sec 108 Note Payable - Pier	75,000.00	
9210	Pier Proj Sec 108 Note Int Exp	50.00	
5007	Pier Accrued Expenses		50.00
9210	Pier Proj Sec 108 Note Int Exp		75,000.00
Total		**75,050.00**	**75,050.00**
Adjusting Journal Entries JE # 10			
To book GASB 87 Entries			
7200	Pier License Fee	180,000.00	
999999	Lease Receivable GASB 87	339,497.00	
9999999	Deferred inflow of resources Leases GA	169,749.00	
7200	Pier License Fee		169,749.00
999999	Lease Receivable GASB 87		166,420.00
9999999	Deferred inflow of resources Leases GA		339,497.00
99999999	Lease Interest Revenue		13,580.00
Total		**689,246.00**	**689,246.00**
Adjusting Journal Entries JE # 11			
To accrue legal services per legal confirmation from Harris Beach			
8500	Legal Fees	37,125.00	
5000	Accounts Payable		37,125.00
Total		**37,125.00**	**37,125.00**

Appendix 2

Management Representation Letter

Appendix 3

About PKF O'Connor Davies, LLP

ACCOUNTANTS AND ADVISORS

Founded in 1891, PKF O'Connor Davies has evolved from a regional accounting firm to an emerging national leader with more than 1,400 professionals and 18 offices in the U.S. Our team of top-notch professionals delivers a complete range of audit, tax and advisory services to a diverse and growing global client base. By bringing together a boutique firm culture with big-firm resources, we have a unique ability to connect with clients on a deeper level and create value where others can't.

REGIONAL CONNECTIONS BACKED BY GLOBAL EXPERTISE

We are the lead North American firm in the PKF International network of independent accounting and advisory firms with offices in over 400 cities, in 150 countries around the world. It's a relationship that delivers unmatched access to global expertise and strengthens our ability to serve clients anywhere in the world as their needs and their businesses continue to evolve.

PROACTIVE SERVICE MODEL, ENGAGED PARTNER BASE

With a proven, proactive service model and an engaged Partner base, PKF O'Connor Davies has built long-lasting, valuable relationships with our clients.

Our Partners are actively involved in the day-to-day management of engagements, ensuring a high degree of client service and cost effectiveness. The Firm's seasoned professional staff members employ a team approach to all engagements, providing clients with the utmost quality and timely services aimed at helping them succeed.

KNOW GREATER VALUE

Our unwavering focus on value has consistently driven growth and delivered strong outcomes for our clients and our Firm. PKF O'Connor Davies currently ranks 25th on *Accounting Today's* 2023 "Top 100 Firms" list and continually gains acclaim as one of the country's fastest-growing firms. With more professionals, in more places every day, our teams are on the ground, at the ready and in the know. As the world changes, PKF O'Connor Davies clients will always **Know Greater Value.**

INDUSTRY RECOGNITION

Ranked 25 of "2023's Top 100 Firms"
Accounting Today, 2023

Ranked 5 of the "Top Firms in the Mid-Atlantic"
Accounting Today, 2023

"America's Best Tax and Accounting Firms"
Forbes, 2023

"Best Accounting Firm in Westchester"
914INC., 2022

"Accounting/Due Diligence Firm of the Year"
The M&A Advisor, 2022

"Best Business Consulting Firm for Family Offices"
Private Asset Management Awards, 2022

"Best Accountancy Advisor"
Family Wealth Report Awards, 2022

"Best Family Office Management Consultancy"
Family Wealth Report Awards, 2022

"Best Places to Work in Westchester"
914INC., 2023

"Best Places to Work in New Jersey"
NJBIZ, 2022

Ranked 14 of the 50 "Best Accounting Employers to Work for in North America"
Vault, 2023

KNOW GREATER VALUE®

At PKF O'Connor Davies we maintain a relentless commitment to understanding each client's operations and financial history so we can uncover every challenge, help meet every objective and exceed expectations. Through our unwavering client focus we create deeper connections, delivering tailored support and expertise that drive real-world value.

ACCOUNTING AND ASSURANCE SERVICES

- Accounting Outsourcing
- Agreed-Upon Procedures (AUPs)
- Audits, Reviews and Compilations
- Elite Accounting Services
- Employee Benefit Plans
- Endowment Fund Accounting
- International Financial Reporting Standards (IFRS)
- IT Audit and Cybersecurity Reviews
- Peer Review
- Public Company Accounting Oversight Board (PCAOB)
- Public Sector Audits and Compliance

ADMINISTRATION SERVICES

- Fund Administration Services
- Outsourced CFO Services
- Outsourced Portfolio Company Accounting

ADVISORY SERVICES

- Bankruptcy and Restructuring
- Cybersecurity and Privacy Advisory Services
- Dark Web Monitoring Services
- Digital Forensic Services
- ESG, Sustainability and Impact Optimization
- Family Advisory Services
- Forensic, Litigation and Valuation Services
- Management Consulting Services
- Matrimonial Services
- Operational and Cost Effectiveness
- PPP Loan Forgiveness Services
- Private Client/Business Owner Services
- Recruiting and Human Resources Consulting
- Risk Advisory Services
- Strategy and Transformation
- System Organization Control (SOC) Reports
- Transaction and Financial Advisory Services
- Virtual Chief Information Security Officer Services (vCISO)
- Wealth Services
- Services Offered by PKF Clear Thinking – Turnaround Advisory, Performance Improvement and Creditors' Rights

FAMILY OFFICE SERVICES

- Accounting and Reporting
- Advisory
- Charitable Giving
- Family Advisory Services
- Investment Monitoring and Oversight
- Lifestyle Support
- Personal Financial Management
- Tax Planning
- Wealth Planning

INTERNATIONAL SERVICES

- China Desk
- General Data Protection Regulation (GDPR)
- German Desk
- Latin America Desk
- Transfer Pricing

INVESTMENT BANKING SERVICES

- Acquisition Advisory
- Exit Readiness and Transaction Planning
- Sell-Side Advisory

TAX COMPLIANCE AND PLANNING SERVICES

- Employee Benefit Planning and Tax Compliance
- International Tax Services
- IRS Representation and Tax Controversies
- Personal Financial Planning
- Private Client/Business Owner Services
- Private Foundation Services
- State and Local Tax (SALT)
- Tax Compliance and Reporting
- Tax Research and Strategic Planning
- Tax-Exempt Organizations
- Trust and Estate Planning

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

pkfod.com