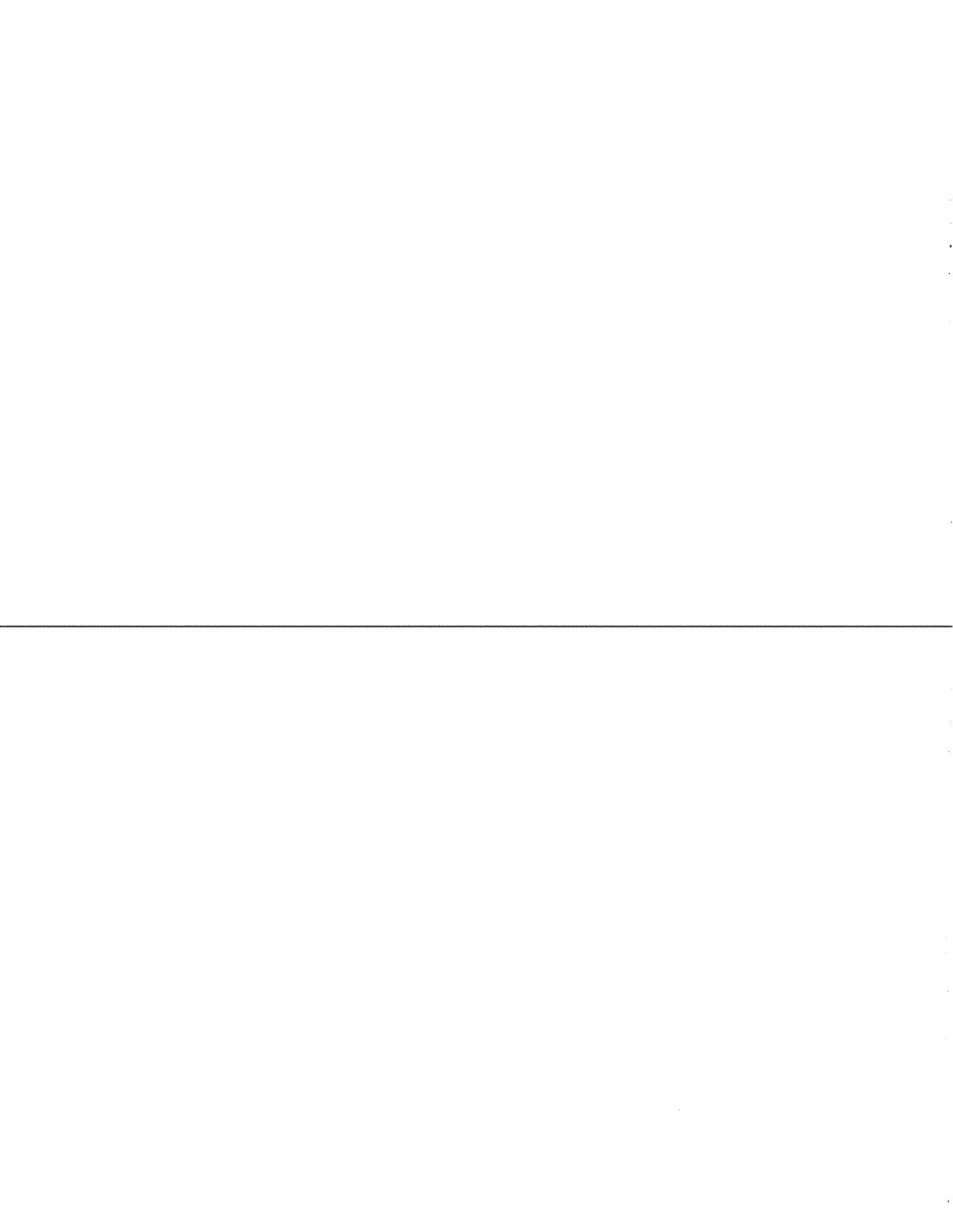


City of Yonkers Industrial Development Agency

Financial Statements

December 31, 2014 and 2013



Independent Auditors' Report

**Board of Directors
City of Yonkers Industrial Development Agency**

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Yonkers Industrial Development Agency (the "Agency") which comprise the statements of net position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2014 and 2013, and the respective changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information is the responsibility of management. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2015 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 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 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.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated March 18, 2015 on our consideration of the Agency's compliance with Section 2925(3)(f) of the New York State Public Authorities Law ("Law"). The purpose of that report is to describe the scope and results of our tests of compliance with the Law.

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
March 18, 2015

City of Yonkers Industrial Development Agency

Management's Discussion and Analysis December 31, 2014

The following Management's Discussion and Analysis ("MD&A") of the City of Yonkers Industrial Development Agency's ("YIDA") or (the "Agency") activities and financial performance is provided as an introduction and overview of the financial statements of YIDA for the year ended December 31, 2014. Following this MD&A are the annual financial statements of YIDA together with the notes 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 (the "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 Yonkers 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).

Fifteen applications were submitted and processed during the year and eleven projects closed.

Financial Operations Highlights

The financial statements for the years ended December 31, 2014 and 2013 are attached. The chart below provides a condensed summary of revenues and expenses for the current and prior year.

	<u>2014</u>	<u>2013</u>
Operating Revenues	\$ 1,458,145	\$ 495,216
Operating Expenses	1,289,278	738,980

City of Yonkers Industrial Development Agency

Management's Discussion and Analysis
December 31, 2014

Financial Operations Highlights (continued)

Operating Revenues

Revenues for 2014 were derived from 11 projects which closed, 4 refinancing and 1 recapture of monies as follows:

<u>Projects:</u>	
Darden	\$ 44,240
OZ Moving	52,500
Fast Linen	21,087
555 Storage	100,000
Alder Manor	45,000
Shreebalajee	5,000
Yonkers LW Hotel	75,643
<u>Housing Projects:</u>	
Grant Park II	111,500
188 Warburton	134,268
Rising	57,355
Riverclub	475,000
<u>Refinanced:</u>	
FSG Hampton Inn	47,604
Collins I	49,734
St. Casimir	66,750
<u>Recapture:</u>	
P.S. 6	52,856

Assets, Liabilities and Net Position

At December 31, 2014, the Agency had \$2,532,403 in assets, \$880,926 in liabilities and \$1,651,477 in net position. Of the \$1,651,477 in net position, \$500,000 has been restricted for educational and development purposes. The balance of \$1,151,477 is unrestricted. Details of these amounts are provided in the Statement of Net Position.

Supplementary Information

The Schedule of Indebtedness - Industrial Revenue Bonds and Notes Issued, Outstanding or Retired, Schedule of Straight-Lease Transactions and the Schedule of Payments in Lieu of Taxes is provided as supplementary information to the financial statements.

New Operations

YIDA continues to coordinate with New Main Street Development Corporation ("NMSDC") to assist in acquiring properties needed for the day lighting of the Saw Mill River, a major Yonkers initiative. On August 16, 2013 YIDA, through eminent domain, was granted the petition to acquire title to 155 New Main Street for the condemnation of the property. On January 31, 2014, the City on behalf of NMSDC and YIDA, paid the appraisal value of \$350,000 to City Hall Views and Getty Square Development. YIDA has agreements with NMSDC for acquisition costs.

City of Yonkers Industrial Development Agency

Statements of Net Position

	December 31,	
	2014	2013
ASSETS		
Cash and cash equivalents	\$ 1,716,441	\$ 378,574
Accounts receivable	69,510	170,250
Prepaid expenses	23,180	20,321
Restricted cash	722,525	769,243
Due from economic development project, net of allowance for uncollectible amounts of \$670,000 at December 31, 2014	-	670,000
Equipment, net	747	4,178
	\$ 2,532,403	\$ 2,012,566
LIABILITIES		
Accounts payable	\$ 40,773	\$ 31,084
Accrued expenses	117,628	225,629
Unearned revenue	-	4,000
Due to other governments	-	960,000
Due to other entities	722,525	769,243
Total Liabilities	880,926	1,989,956
NET POSITION		
Restricted	500,000	-
Unrestricted	1,151,477	22,610
Total Net Position	1,651,477	22,610
	\$ 2,532,403	\$ 2,012,566

City of Yonkers Industrial Development Agency

Statements of Activities

	Year Ended	
	December 31,	
	2014	2013
OPERATING REVENUES		
Agency fees	\$ 1,338,537	\$ 473,038
Management administration fees	58,500	-
Application fees	9,000	3,000
Donated rent	22,500	-
Miscellaneous income	29,608	19,178
	1,458,145	495,216
OPERATING EXPENSES		
Salaries	189,344	215,789
Payroll taxes and employee benefits	84,930	110,988
Rent	22,500	116,620
Consulting and professional fees	176,947	162,878
Advertising, printing and reproduction	85,687	88,288
Travel	6,663	5,353
Insurance	7,799	7,252
Conferences and meetings	5,170	4,874
Communications	23,755	21,214
Office supplies and other	12,283	4,285
Depreciation	4,200	1,439
Bad debts	670,000	-
	1,289,278	738,980
Income (Loss) from Operations	168,867	(243,764)
NON-OPERATING REVENUES (EXPENSES)		
Workforce investment grant income	1,247,617	1,379,105
Workforce investment grant expenses	(1,247,617)	(1,379,105)
Transaction settlement - Yonkers Racing Corporation	500,000	-
Austin Avenue PILOT Settlement	960,000	-
Interest and dividend income	-	65,177
	1,460,000	65,177
Change in Net Position	1,628,867	(178,587)
NET POSITION		
Beginning of year	22,610	201,197
End of year	\$ 1,651,477	\$ 22,610

See notes to financial statements

City of Yonkers Industrial Development Agency

Statements of Cash Flows

	Year Ended	
	December 31,	
	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from agency and other fees	\$ 1,532,385	\$ 480,000
Cash received for workforce grant	1,247,617	1,379,105
Cash payments for workforce employees	(1,247,617)	(1,379,105)
Cash payments for goods and services	(311,474)	(357,245)
Cash payments for salaries and benefits	(382,275)	(326,777)
Net Cash from Operating Activities	<u>838,636</u>	<u>(204,022)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of equipment	<u>(769)</u>	<u>(4,265)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Proceeds from transaction settlement - Yonkers Raceway Corporation	<u>500,000</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividend income	<u>-</u>	<u>65,177</u>
Net Change in Cash and Cash Equivalents	1,337,867	(143,110)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>378,574</u>	<u>521,684</u>
End of year	<u>\$ 1,716,441</u>	<u>\$ 378,574</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income (loss) from operations	\$ 168,867	\$ (243,764)
Adjustments to reconcile income (loss) from operations to net cash from operating activities		
Depreciation	4,200	1,439
Provision for bad debts	670,000	-
Changes in operating assets and liabilities		
Accounts receivable	100,740	(19,216)
Prepaid expenses	(2,859)	47,319
Restricted cash	46,718	697,150
Accounts payable	9,689	1,825
Accrued expenses	(108,001)	4,375
Unearned revenue	(4,000)	4,000
Due to other entities	(46,718)	(697,150)
Net Cash from Operating Activities	<u>\$ 838,636</u>	<u>\$ (204,022)</u>
Non-cash Non-Capital Financing Activities		
Austin Avenue PILOT Settlement	<u>\$ 960,000</u>	<u>\$ -</u>

See notes to financial statements

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City of Yonkers Industrial Development Agency

Notes to Financial Statements
December 31, 2014 and 2013

1. **Organization and Purpose**

The City of Yonkers Industrial Development Agency ("YIDA") or (the "Agency") was created in 1982 as a public benefit corporation by the New York State Legislature under the provisions of Chapter 526 for the purpose of promoting and supporting the development of commerce, bolstering employment and stimulating economic growth and prosperity in the City of Yonkers, New York (the "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.

2. **Summary of Significant Accounting Policies**

Financial Reporting Entity

The Agency has been identified as an organization related to the City. In accordance with the criteria enumerated in Governmental Accounting Standards Board ("GASB") Statement No. 61, the Agency is not considered a component unit of the City.

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 applies all applicable Financial Accounting Standards Board guidance issued after November 30, 1989 in its accounting and reporting.

Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

In-Kind Contributions

Donated rent is recorded as revenue at its estimated fair value.

City of Yonkers Industrial Development Agency

Notes to Financial Statements
December 31, 2014 and 2013

2. Summary of Significant Accounting Policies *(Continued)*

Cash and Cash Equivalents

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

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 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, 2014 and 2013.

The Agency was invested only in the above mentioned obligations and, accordingly, was not exposed to any interest rate or credit risk. The Agency is in compliance with its investment policy.

Allowance for Uncollectible Receivables

An allowance for uncollectible receivables in the amounts of \$670,000 and \$0 at December 31, 2014 and 2013 is estimated based on a combination of write-off history, aging analysis and any specific known troubled accounts.

Equipment

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

Revenue Recognition

The Agency charges an agency, 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 liabilities. Net position is reported as restricted only when there are limitations imposed on its use. At December 31, 2014 and 2013, the Agency has reported \$500,000 and \$0, respectively, as restricted for educational and development purposes in connection with a transaction settlement. The balance is classified as unrestricted.

City of Yonkers Industrial Development Agency

Notes to Financial Statements
December 31, 2014 and 2013

2. Summary of Significant Accounting Policies *(Continued)*

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 March 18, 2015.

3. Restricted Cash

Restricted cash consists of funds held in escrow by the Agency for various projects (see Note 10). Funds are released as authorized invoices are presented for payment or reimbursement. The balance of restricted cash at December 31 is as follows:

	<u>2014</u>	<u>2013</u>
Austin Avenue	\$ 13,722	\$ 21,593
Kubasek and Post	<u>708,803</u>	<u>747,650</u>
	<u>\$722,525</u>	<u>\$ 769,243</u>

4. Economic Development Project

In accordance with an agreement dated November 1, 2002, between Yonkers Baseball Development, Inc. and the Agency, Yonkers Baseball Development, Inc. was advanced \$670,000 (See Note 9). This obligation has been assumed by Struever Fidelco Capelli, LLC ("SFC") under the Master Developer Designation Agreement ("MDDA"). The MDDA was superseded by the Land Disposition Agreement ("LDA") which was executed February 2010 by the City, YIDA and SFC. The LDA is a legal obligation of SFC to pay the City and YIDA at the closing to occur 36 months from the execution of the LDA. At December 31, 2014 and 2013, the \$670,000 that had been advanced is still outstanding. In years past, management has been confident the underlying property development rights are of significant value and YIDA will be successful in getting another developer to pay an amount equivalent to such amount should SFC not develop this property. In December 2013, the City Council and YIDA voted to terminate the existing agreement with SFC and such has been executed. Under the terms of the termination agreement, YIDA will have all rights under Riverpark Center and Cacace and can solicit new proposals. The termination agreement provides that if there is a new developer and that the developer builds before Brownfield credits expire and the new developer receives State Brownfield Funds, then that new developer will share a portion of those state funds with SFC in an amount not to exceed \$5,000,000 or 15% of the reimbursed funds. The first \$670,000 (or any portion thereof) payable to SFC under this arrangement shall be remitted directly to YIDA. The termination agreement was executed and signed by all parties on April 23, 2014. Under the terms of the termination agreement, YIDA may still recover these amounts but to do so, the existing approvals for the property known as "Chicken Island" need to be utilized by a developer to be chosen. No new developer has been selected by the City at this time and the extension of Brownfield credits depends upon future action by the New York State legislature. Management fees that it is prudent for the YIDA to record on allowance for the full amount as it believes that the possibility of the recovery of these funds will occur in the future with the development of the site. At December 31, 2014, YIDA recorded an allowance for the full amount of \$670,000.

City of Yonkers Industrial Development Agency

Notes to Financial Statements
December 31, 2014 and 2013

5. Equipment

Equipment consists of the following at December 31:

	<u>2014</u>	<u>2013</u>
Furniture and fixtures	\$ 20,979	\$ 24,475
Accumulated depreciation	<u>(20,232)</u>	<u>(20,297)</u>
	<u>\$ 747</u>	<u>\$ 4,178</u>

6. Pension Plan

The Agency participates in the New York State and Local Employee's Retirement System ("ERS"). The ERS is a cost-sharing, multiple-employer defined benefit pension plan. The ERS provides retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. The ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, New York 12224.

~~The ERS is non-contributory except for employees in tiers 3 and 4 that have less than ten years of service, who contribute 3% of their salary, employees in tier 5 who also contribute 3% of their salary without regard to their years of service and employees in tier 6 who contribute between 3% and 6%, depending on salary levels and also without regard to years of service. Contributions are certified by the State Comptroller and expressed as a percentage of members' salary. Contribution rates are actuarially determined and based upon membership tier and plan. Contributions consist of a life insurance portion and regular pension contributions. Contribution rates for the plan's year ending in March 31, 2015 are as follows:~~

<u>Tier/Plan</u>	<u>Rate</u>
3/A14	20.1 %
4/A15	20.1
5/A15	16.4
6/A15	10.8

Contributions made to the ERS for the current and two preceding years were as follows:

2014	\$ 130,904
2013	218,432
2012	157,506

Of the 2014 contributions made, \$29,432 was allocated to YIDA staff and \$101,472 to staff funded under the Workforce Investment Act grant. Of the 2013 contributions made, \$50,880 was allocated to YIDA staff and \$167,552 to staff funded under the Workforce Investment Act Grant.

City of Yonkers Industrial Development Agency

Notes to Financial Statements
December 31, 2014 and 2013

7. Operating Leases

The Agency is obligated under a non-cancelable operating lease for a vehicle with a lease term of 35 months that expires in September 2017. The monthly payments are \$436. Future minimum lease payments under such non-cancelable operating leases in excess of one year are payable as follows:

<u>Year Ending</u> <u>December 31,</u>		
2015	\$	5,271
2016		5,271
2017		3,490

Lease expense included in operations was \$5,869 and \$4,940 for the years ended December 31, 2014 and 2013.

8. 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.

9. Related Parties

Yonkers Baseball Development, Inc.

The Agency was the sole shareholder of Yonkers Baseball Development, Inc. ("YBDI"), a for profit entity (originally formed by transaction counsel as Yonkers Baseball, Inc.). The purpose of YBDI was to promote recreational activity to assist in the revitalization of downtown Yonkers in an area known as "Chicken Island", while obtaining Empire Zone certification to assist in the contemplated financings. YBDI was funded under an agreement from the Agency (Note 4) dated November 1, 2002. In 2008, as part of a plan of dissolution, YBDI assigned all rights to recover funds expended for the project to YIDA. YBDI was dissolved by proclamation on January 27, 2010.

City of Yonkers Industrial Development Agency

Notes to Financial Statements
December 31, 2014 and 2013

9. Related Parties *(Continued)*

Yonkers Economic Development Corporation

The Yonkers Economic Development Corporation ("YEDC") 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. YEDC'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 YEDC will not be liabilities of the State of New York, the City or YIDA. YEDC is comprised of four of the seven YIDA board members. YEDC hired a Chief Financial Officer ("CFO") in 2013. YEDC's CFO provided all financial support for YIDA in 2014. A management agreement was in place for YEDC's CFO to provide financial services to YIDA. YIDA paid YEDC \$70,000 in management fees under the management agreement.

10. Contingencies

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. In December 2004, the City Council approved a plan that would allow the Agency, through the NYSDEC's Brownfield Remediation and Empire Zone Program, to issue bonds to pay for the remediation of the landfill site. The Agency bonds were repaid from the annual proceeds of a supplemental payment in lieu of tax ("PILOT") agreement from a local developer, who owns the property adjacent to the landfill site. The City Council waived the City's right to the receipt of the supplemental PILOT payments in order to pledge those receipts to the repayment of the Agency bonds and/or to use the proceeds directly for remediation. The City Council further agreed that, based on the City's obligation under the Consent Order, the City will pay any shortfalls for costs of environmental remediation in excess of amounts available from the supplemental PILOT payment.

At December 31, 2014 and 2013 there was \$13,722 and \$21,593 in the remediation account. Remediation efforts have been completed but as of December 31, 2014, legal bills related to this work remain open. After YIDA has exhausted its funds set aside in the remediation account, it will request a payment from the City to satisfy any final legal bills, insurance costs and NYSDEC fees that are approved for payment; as of December 31, 2014, Morris Company confirmed that they did receive an empire zone refund for 2008 which should be in the amount of up to \$1,850,000 as such an additional payment is now required under the supplemental PILOT agreement. YIDA will work to collect the additional supplemental PILOT payment from the Morris Company which should be sufficient to cover any outstanding obligations in this matter and reimburse the City for environmental remediation costs thereby providing for no additional costs to the City. The Morris Company has served a notice of claim on the City and the Agency in an effort to influence how the limited remediation funds are spent. This matter is pending.

City of Yonkers Industrial Development Agency

Notes to Financial Statements
December 31, 2014 and 2013

10. Contingencies *(Continued)*

The YIDA and NYSDEC anticipated having a Certificate of Completion ("COC") for the site by the summer of 2015. The final engineering, environmental easement and monitoring reports are completed and have been signed by the Westchester County Industrial Development Agency ("WIDA") (property owner of the site) and submitted for final NYSDEC approval. Release of the COC will follow. The longstanding claim of YIDA for rent payments from the WIDA, payable to the City, and the claim of WIDA and the County of Westchester ("County") for certain PILOT payments payable to the County was settled with cross releases and without payment by either side. The Austin Avenue easement is being recorded by Council which is expected to occur in March 2015.

Litigation

The Agency is involved in litigation arising in the normal course of business. Management estimates that the matters will be resolved without material adverse effects on the Agency's future financial position or results from operations.

Kubasek and Post Road Housing Projects

YIDA supported two projects that resulted in the purchase and renovation of existing affordable housing stock - one family facility (Post Road) and one senior project (Kubasek).

YIDA has established replacement reserve accounts for capital improvements at both locations at a bank. These dedicated accounts closed with the following balances on December 31, 2014: \$70,245 on behalf of Post Road (the "Post Reserve") and \$163,401 on behalf of Kubasek (the "Kubasek Reserve") with the balance of \$475,157 being held in a separate account on behalf of Post Road and Kubasek (the "Agency Reserve Account").

The details of the restricted cash related to these projects are disclosed in Note 3.

155 New Main Street Condemnation

On August 16, 2013, YIDA, through eminent domain, was granted the petition to acquire title to 155 New Main Street for the condemnation of the property. On January 31, 2014 the City, on behalf of New Main Street Development Corporation ("NMSDC") and YIDA, paid the appraisal value of \$350,000 to City Hall Views and Getty Square Development. YIDA has agreements with NMSDC for acquisition costs. The property owners are disputing the value of the property. The case is ongoing and YIDA awaits a court date.

11. Due to Other Governments

In 2007, in an effort to resolve pending disputes concerning PILOT payments retained by the Agency and claimed by the County, the City's Commissioner of Finance provided the County with a letter indicating an intent to pay amounts over to the County. In this letter, the City's Commissioner of Finance offered to have the City or YIDA pay the disputed PILOT amounts on a set schedule.

City of Yonkers Industrial Development Agency

Notes to Financial Statements
December 31, 2014 and 2013

11. Due to Other Governments (*continued*)

The Commissioner of Finance's letter contemplated an initial payment of \$921,608 with additional amounts equal to \$240,000 on July 1st of each year, beginning in 2008, and continuing for a period of five years through 2012. YIDA did not commit to pay the disputed amounts but, with board approval, made the initial payments towards the City/County payment schedule. When the disputed PILOT amounts were paid down to the current balance of \$960,000, it came to the attention of the YIDA counsel, and the City, that the County or WIDA had failed to pay the City its 50% share of rent on Austin Avenue leases since 1999 when the tenants took occupancy and began operation.

Payments which were due July 2009, 2010, 2011 and 2012 under the 2007 letter agreement were delayed pending resolution of the disputed rent payment owed by the WIDA to the City for the period covering October 1999 to August 2006.

In October 2014, the County, WIDA, City officials and YIDA agreed in principle to forgive amounts owed to each entity and such settlement has been signed and delivered. The amount of \$960,000, previously reflected as a liability, has been written off and reflected as a non-operating revenue item in the Statement of Activities.

12. Donated Rent

The financial statements include revenue and corresponding expenses for donated rent for office space occupied by YIDA. Donated rent has been recorded at the estimated fair value of \$22,500 for the office location at 470 Nepperhan Avenue, a building owned by the City.

13. Risk Management

The Agency purchases conventional insurance coverage for directors and officers liability. The current policy reflects a limit of \$1 million per occurrence or \$1 million for the period of the policy. The Agency also purchased general liability insurance coverage for 470 Nepperhan Avenue, with policy limits of \$5 million per occurrence or \$5 million in the aggregate. The Agency also purchased general liability insurance coverage for 155 Main Street with policy limits of \$1 million per occurrence and general liability insurance coverage for 323 Sprain Road with policy limits of \$5 million per occurrence.

14. 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 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.

City of Yonkers Industrial Development Agency

Supplementary Information

December 31, 2014

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City of Yonkers Industrial Development Agency

Supplementary Information

Schedule of Indebtedness - Industrial Revenue Bonds and Notes Issued, Outstanding or Retired
December 31, 2014

Project	Date of Issue	Original Issue Value	Outstanding Balance at January 1, 2014	New Issues	Payments	Outstanding Balance at December 31, 2014
Consumer Union	December 2005	\$ 47,300,000	\$ 43,800,000	\$ -	\$ 1,250,000	\$ 42,550,000
St. Joseph's Medical Center	March 1998	28,500,000	8,000,000	-	2,100,000	5,900,000
Hudson Scenic Studios, Inc.	June 1999	4,130,000	2,785,000	-	395,000	2,390,000
Michael Malotz Skilled Nursing Pavilion	June 1999	11,905,000	10,220,000	-	280,000	9,940,000
Philipsburgh Hall Associates, L.P.	December 1999	2,800,000	1,415,000	-	45,000	1,370,000
St. John's Riverside - 2001 A	March 2001	16,690,000	15,495,000	-	455,000	15,040,000
St. John's Riverside - 2001 B	March 2001	6,235,000	5,785,000	-	170,000	5,615,000
Monastery Manor Association, L.P.	September 2005	9,020,000	8,475,000	-	195,000	8,280,000
Sacred Heart A	September 2006	7,475,000	6,775,000	-	155,000	6,620,000
Sacred Heart B	September 2006	1,900,000	635,000	-	215,000	420,000
Center of Family Services	January 2008	1,235,000	670,000	-	55,000	615,000
Jefferson Terrace - 2006 A	December 2006	3,600,000	3,454,807	-	31,475	3,423,332
Whitney Young - 2006 B	December 2006	17,155,000	14,005,000	-	285,000	13,720,000
JME Associates	May 2006	8,160,000	6,230,000	-	335,000	5,895,000
Salgra Realty	May 2006	3,840,000	2,935,000	-	165,000	2,770,000
Herrfot Street Housing L.P. Project	March 2004	16,400,000	12,165,000	-	305,000	11,860,000
Main Street Lofts	December 2005	44,600,000	44,600,000	-	-	44,600,000
Sarah Lawrence College, Series A	Dec 2009	43,500,000	43,500,000	-	-	43,500,000
Sarah Lawrence College, Series B	Dec 2009	1,950,000	1,950,000	-	-	1,950,000
Total Indebtedness		\$ 276,395,000	\$ 232,894,807	\$ -	\$ 6,436,475	\$ 226,458,332

Yonkers Industrial Development Agency

Supplementary Information
Schedule of Straight-Lease Transactions Executed in 2014
December 31, 2014

Project	Project Address	Owner Address	Approximate Cost	Benefit (Sales Tax)	Benefit (Mortgage Tax)	Jobs at Location	Jobs to be Created	Jobs to be Retained
STRAIGHT LEASE TRANSACTIONS								
Darden	9025; 9055 Xavier Drive Yonkers, NY 10704	1000 Darden Center Drive Orlando, FL 32837	\$ 8,848,068	\$ 336,568	N/A	-	103	-
188 Warburton	188-192 Warburton Ave Yonkers, NY 10706	95 Berkeley Street Boston, MA 02116	26,853,674	719,580	48,924	-	10	-
555 Storage	555 Tuckahoe Road Tuckahoe, NY 10704	120 Old Post Road Rye, NY 10580	20,000,000	653,250	270,000	-	50	-
Alder Manor	1097 North Broadway Yonkers, NY 10701	31 West 111th Street, Ste. 8A New York, NY 10011	9,000,000	167,500	N/A	2	25	2
Cross County Hotel	7000 Mail Walk Yonkers, NY 10704	8-100 E. 22nd Street, Bldg 500 Wichita, KS 67226	30,257,000	1,402,725	299,538 (pending)	-	28	-
Fast Linen	945 Nepperhan Ave Yonkers, NY 10701	945 Nepperhan Ave Yonkers, NY 10701	4,217,426	40,666	62,630	-	15	-
Grant Park II	1 & 5 Whetstone Ave Yonkers, NY 10703	340 Pemberwick Road Greenwich, CT 06831	22,300,000	485,750	270,000	-	1	-
OZ Moving	498 Nepperhan Ave Yonkers, NY 10701	101 Lincoln Ave Bronx, NY 10454	10,500,000	26,800	171,000	-	150	-
Shreejeebalajee	92 Waverly Street Yonkers, NY 10701	108 Westminister Road Scarsdale, NY 10583	1,000,000	48,575	N/A	-	50	-
Rising (Phase I)	2 Mill Street, 13, 27, 36, 38 Main Street Yonkers, NY 10701	3261 Broadway New York, NY 10027	11,470,814	450,000	80,000	-	134	-
Riverclub/Rivertides	1105-1135 Warburton Ave Yonkers, NY 10701	100 Summit Lake Drive Valhalla, NY 10595	9,500,000	1,700,000	1,900,000	-	10	-

(Continued)

City of Yonkers Industrial Development Agency

Supplementary Information
Schedule of Straight-Lease Transactions Executed in 2014 (Continued)
December 31, 2014

Project	Project Address	Owner Address	Approximate Cost	Benefit (Sales Tax)	Benefit (Mortgage Tax)	Jobs at Location	Jobs to be Created	Jobs to be Retained
REFINANCINGS								
FSG Hampton	160 Corporate Blvd Yonkers, NY 10701	123 Tunxis Village Farmington, CT 06032	\$ 9,520,836	N/A	\$ 171,000	40	49	-
Hudson Park Investors	1 Van Der Donck Street Yonkers, NY 10701	1455 East Putnam Ave Old Greenwich, CT 06870	9,946,784	N/A	240,000	10	8	-
St. Casimir	289 Nepperhan Ave Yonkers, NY 10701	6 Executive Plaza, Ste. 200 Yonkers, NY 10701	13,350,000	N/A	240,000	1	7	-
Brooks Shopping Center	Cross County Shopping Center	1175 Pittsford-Victor Road, Bldg 2 Pittsford, NY 14534	No new debt, Existing debt \$135,000,000	No additional benefit provided	No additional benefit provided	275	2,565	26
SALES TAX EXTENSIONS								
Brooks Shopping Center	Cross County Shopping Center	708 Third Ave, 28th Floor New York, NY 10017	6,666,500	Time Extension Approved	No additional benefit provided	275	2,565	26
P. S. 6	33 Ashburton Ave Yonkers, NY 10701	744 Broadway Albany, NY 12207	34,884,418	Time Extension Approved	No additional benefit provided	-	4	23
FC Yonkers	1 Ridge Hill Blvd Yonkers, NY 10710	1 Metro Tech North Brooklyn, NY 11201	14,230,000	Time Extension Approved	No additional benefit provided	4,000	1,560	304

City of Yonkers Industrial Development Agency

Supplementary Information
Schedule of Payments in Lieu of Taxes
December 31, 2014

Project	Total	City	County
104 Ashburton Ave - Greyston Bakery, Inc.	\$ 31,250	\$ 26,838	\$ 4,412
11-23 St. Casmir Avenue	15,000	12,809	2,191
326 Riverdale	112,551	96,377	16,174
86 Main Street	155,000	132,727	22,273
Animal Specialty Center ASCRE	126,001	107,892	18,109
Ashburton Avenue, LP	53,083	45,455	7,628
Austin Avenue / Morris Industries	375,000	120,000	255,000
Brooks Shopping Center, LLC	3,800,000	3,361,000	439,000
Central Ave Nissan (JME Assoc)	82,922	71,004	11,918
Chrysler formerly Central Ave Nissan (Salgra)	115,708	99,081	16,627
Collins II - Hudson Park Investors	1,300,000	1,110,070	189,930
Collins II	1,550,000	1,327,265	222,735
Consumers Union A and B	154,464	154,464	N/A
CR Riverdale / Hyatt Corporation (Five Star Premier)	702,550	602,050	100,500
Cromwell Towers	197,459	169,084	28,375
Croton Heights	65,000	55,660	9,340
FC Yonkers (Ridge Hill)	4,543,855	3,891,897	651,958
FSG Yonkers LLC	95,535	81,804	13,731
Herriot Street Housing (Jackson Terrace) - Pilot and Shelter Rent	85,233	72,985	12,248
Highland Senior Housing	138,012	118,180	19,832
Honda	70,000	59,941	10,059
Instock	126,163	108,033	18,130
Jefferson Terrace:Min. + Shelter Rent %	94,772	81,390	13,382
Kimber Manufacturing	54,378	46,563	7,815
Kubasek Owners LLC	168,195	143,622	24,573
Macys	753,197	644,963	108,234
Main Street Lofts	340,000	291,289	48,711
Monastery Manor	62,827	53,844	8,983
Mulford I, LP	2,000	1,713	287
Parkledge Apartments	352,023	311,376	40,647
Philipsburgh Hall Associates	100,169	86,032	14,137
Post Street	76,800	53,927	22,873
Riverview II Preservation LP	250,751	214,718	36,033
Sacred Heart: Min. +Shelter Rent%	49,361	42,346	7,015
St. Casmir's, LP	74,263	63,591	10,672
SUMA Federal Credit Union	93,720	80,483	13,237
Velocity at Greystone LLC	24,683	21,136	3,547

(Continued)

See Independent Auditors' Report.

City of Yonkers Industrial Development Agency

Supplementary Information
Schedule of Payments in Lieu of Taxes (Continued)
December 31, 2014

Project	Total	City	County
Vicky Inc.	\$ 9,840	\$ 8,426	\$ 1,414
Warburton Riverview Owners LLC	35,000	29,971	5,029
Warburton Wells Historic	22,500	19,267	3,233
Westchester ALP	40,000	34,252	5,748
Whitney Young	119,405	102,247	17,158
Woodstock	31,718	27,156	4,562
Yonkers Lodging Partners, LLC	87,580	74,995	12,585
Yonkers Racing Corporation	3,944,000	3,377,247	566,753

See Independent Auditors' Report.

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**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

**Board of Directors
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 (the "Agency") as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Agency's financial statements, and have issued our report thereon dated March 18, 2015.

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") to determine the 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 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 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 may exist that have not been identified.

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 determination of financial statement amounts. 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 entity'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.

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
March 18, 2015

**Independent Accountants' Report on Compliance with Section 2925(3)(f)
of the New York State Public Authorities Law**

**Board of Directors
City of Yonkers Industrial Development Agency**

We have examined the City of Yonkers Industrial Development Agency's (the "Agency") compliance with Section 2925(3)(f) of the New York State Public Authorities Law during the year ended December 31, 2014. Management is responsible for the Agency's compliance with those requirements. Our responsibility is to express an opinion on the Agency's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining on a test basis evidence supporting the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Agency's compliance with specified requirements.

In our opinion, the Agency complied, in all material respects, with the aforementioned requirements during the year ended December 31, 2014.

This report is intended solely for the information and use of management, the Board of Directors, officials of the Agency and the Office of the State Comptroller of the State of New York. It is not intended to be and should not be used by anyone other than these specified parties.

O'Connor Davies, LLP

O'Connor Davies, LLP
Harrison, New York
March 18, 2015

