

**City of Yonkers Parking Authority and  
Government Center Garage**

Combined Financial Statements

with Combining Supplementary Information

Years Ended December 31, 2015 and 2014

**City of Yonkers Parking Authority and  
Government Center Garage**

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## Independent Auditors' Report

### The Board of Directors of the City of Yonkers Parking Authority and Government Center Garage

#### Report on the Financial Statements

We have audited the accompanying combined financial statements of the City of Yonkers Parking Authority and Government Center Garage ("Authority") as of December 31, 2015 and 2014 and the related notes to the combined financial statements, which collectively comprise the Authority's financial statements as listed in the Table of Contents.

#### 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 opinions on these financial statements based on our audits. We conducted our audit 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 Authority'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 Authority'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 opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2015 and 2014 and the respective 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.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the schedules included under Required Supplementary Information in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic 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 and Other Information*

Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2016 on our consideration of the Authority'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 the 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 Authority's internal control over financial reporting and compliance.

## Report on Other Legal and Regulatory Requirements

We have also issued our report dated March XX, 2016 on our consideration of the Authority'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.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

March 31, 2016

# Yonkers Parking Authority

Management's Discussion and Analysis (MD&A)  
December 31, 2015

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## Introduction

The management of the Yonkers Parking Authority and Government Center Garage ("Authority") offers this overview and analysis of the financial activities of the Authority for the year ended December 31, 2015. This document should be read and considered in conjunction with the basic financial statements, which immediately follow this section, in order to enhance the understanding of the Authority's financial performance.

## Financial Highlights and Comparative Information

Comparative revenues, expenses and changes in net position are summarized below. Refer to the Authority's basic financial statements for the complete Statement of Activities.

	Years Ended December 31,	
	2015	2014
Operating Revenues	\$ 5,794,257	\$ 5,602,541
Non-Operating Revenues	8,224	8,687
Total Revenues	<u>5,802,481</u>	<u>5,611,228</u>
Operating Expense	6,333,166	6,061,023
Non-Operating Expense	130,633	136,365
Total Expenses	<u>6,463,799</u>	<u>6,197,388</u>
Decrease in Net Position	<u>\$ (661,318)</u>	<u>\$ (586,160)</u>

In 2015, the Authority incurred a decrease in Net Position of \$661,318 as compared to a decrease of \$586,160 in 2014. The reduction in Net Position is mainly attributable to the recognition of the other post employment benefit accrual in the amount of \$1,026,618. In addition, the Authority implemented GASB No. 68 which accounted for the prior period adjustment of \$36,254. 2015 saw operating revenues increase by \$191,716 and operating expenses increased by \$272,143.

## Overview of the Financial Statements

The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. The objective of these standards is to enhance the understandability and usefulness of the external financial reports issued by Public Authorities.

The financial statement presentation consists of a *Statement of Net Position*, a *Statement of Activities*, a *Statement of Cash Flows* and accompanying *Notes to Financial Statements*. These statements provide information on the financial position of the Authority and the financial activity and results of its operations during the year. A description of these statements follows:

The Statement of Net Position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating

The Statement of Activities presents information showing the change in the Authority's net position during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement include items that will result in cash received or disbursed in future fiscal periods (e.g., the receipt of amounts due from other governments or the payment accrued for compensated absences).

The Statement of Cash Flows provides information on the major sources and uses of cash during the year. The statement of cash flows portrays net cash provided or used from operating activities, capital and related financing activities and investing activities.

## Statement of Net Position (Condensed)

The statement of net position presents the financial position of Authority at the end of its fiscal year. A more detailed Statement of Net Position appears in the Authority's basic financial statements.

	December 31,	
	2015	2014
Current Assets	\$ 2,102,182	\$ 2,235,147
Capital Assets, Net	4,473,636	4,274,021
Other Non-Current Assets	369,811	377,085
Total Assets	6,945,629	6,886,253
Deferred Outflows of Resources	526,889	-
Current Liabilities	404,557	351,441
Non-Current Liabilities	7,330,526	6,099,805
Total Liabilities	7,735,083	6,451,246
Net Position	\$ (262,565)	\$ 435,007

### **Current Assets**

Current assets as of December 31, 2015 of \$2,102,182 consist of cash and equivalents, short term investments, receivables, prepaid expenses and deposits.

### **Current Liabilities**

Currently liabilities consist mainly of unearned revenues of \$247,049 and accrued expenses and taxes of \$74,550. The current portion of revenue bonds payable is \$145,000.

### **Non-Current Liabilities**

The non-current liabilities consist of the amounts due in more than one year for revenue bonds payable, loan payable, compensated absences and other post employment benefit obligations payable. As of December 31, 2015, the non-current portion of loan payable was \$481,585, the non-current portion of revenue bonds payable was \$1,528,109, the non-current portion of the compensated absences was \$184,750, the non-current portion of the net pension liability was \$348,779 and the GASB Statement No. 45 post employment benefit accrual was \$4,612,693. The total amount of non-current liabilities amounts to \$7,155,916.

### **Capital Assets, Net**

The Authority established the following Capitalization Thresholds effective January 1, 2015 for the following groups of assets:

Office equipment	\$	1,000
Parking lot improvement		5,000
Capital Construction		2,000
Equipment - Other		1,000
Highway & Street Equipment		1,000
Motor vehicles		1,000

Assets that are capitalized will be depreciated over their estimated useful lives. Depreciation will be calculated on the straight-line basis, (with no salvage value), using estimated useful lives as follows:

Land	no depreciation
Office equipment	7 years
Parking lot improvement	40 years
Capital Construction	40 years
Equipment (Office and other)	7 years
Highway and Street Equipment	10 years
Motor vehicles	5 years

This resulted in a depreciation expense for the year ended December 31, 2014 of \$289,534.

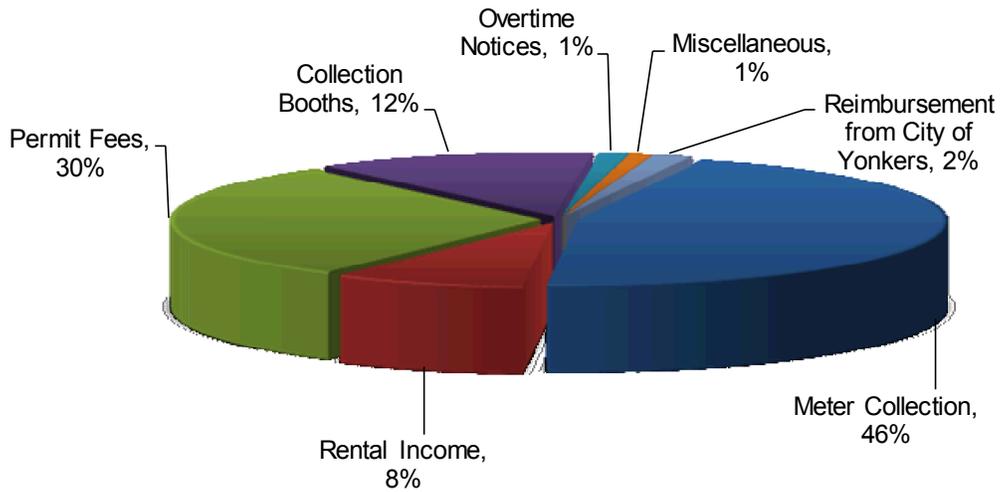
A comparative summary of capital assets is as follows:

	December 31,	
	2015	2014
Capital Assets:		
Land	\$ 698,232	\$ 698,232
Office equipment	677,959	403,249
Automobile and trucks	825,609	862,992
Parking meters and lot equipment	2,193,435	2,137,943
Parking lot and garage improvements	<u>5,911,618</u>	<u>5,814,751</u>
Total Capital Assets	<u>10,306,853</u>	<u>9,917,167</u>
Less Accumulated Depreciation:		
Office equipment	418,100	352,502
Automobile and trucks	740,939	805,749
Parking meters and lot equipment	1,999,205	1,945,720
Parking lot and garage improvements	<u>2,674,973</u>	<u>2,539,175</u>
Total Accumulated Depreciation	<u>5,833,217</u>	<u>5,643,146</u>
Capital Assets, Net	<u>\$ 4,473,636</u>	<u>\$ 4,274,021</u>

#### **Statement of Revenues, Expenses and Change in Net Pension**

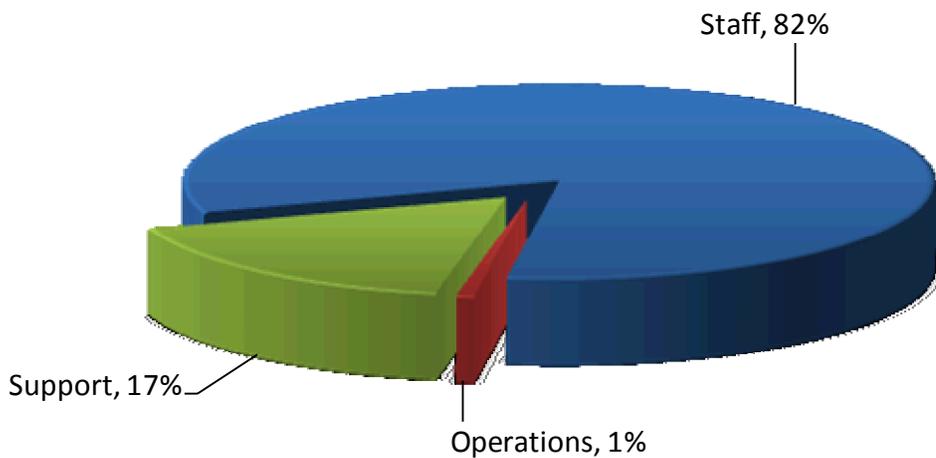
The statement of revenues, expenses and change in net position presents the Authority's results of operations. The Authority also includes supplemental information regarding details of revenues and expenses as it relates to the Authority's adopted budget. Refer to the Authority's basic financial statements for the complete listing. Total operating revenues of the Authority, for year ended December 31, 2014 were \$5,794,257.

### Revenues 2015



Meter Collection represented 46% of total revenues. Revenues from Permit Fees administered by the Authority represented 30% of total revenues. Collection Booths represented 12% of total revenues. Overtime notices issued by our security personnel generated 1% of our revenues; rental income represented 8% and 2% of operating revenues was a reimbursement from the City of Yonkers.

### Operating Expenses 2015



Total expenses for the year were \$6,463,799. Operating expenses totaled \$6,333,166 and non-operating expenses totaled \$130,633. This translates to a total increase in expenses of \$266,411 as compared to expenses from the prior year. Staff Expenses represented 82% of the Authority's costs. Support Expenses represented 17% of total expenses while Operations Expense represented 1%.

### **Economic Factors that will affect the Future**

#### ***Technology, Film and Economic Development-Downtown Yonkers.***

The greatest opportunity to grow our revenues is through technology the use of multi space pay stations, and rolling out city wide pay by phone applications.

The City's promotion of filming has had a positive economic effect and continues to do so. Film companies need places for their equipment and have continuously rented our lots.

Buena Vista Garage ("BVG") is currently filled due to the ongoing economic development throughout downtown Yonkers and due to City's consolidation of services with the Board of Education in 2014. This has resulted in relocating several city departments to the BOE facility; thereby, resulting in added parking needs and revenue at the Buena Vista Garage.

Due to the Milio Brothers project at 45 S. Broadway we have sold out permits at our Hudson lot and have begun selling permits in Cacace for overnight parking.

All of the above are generating an increased demand for parking and therefore, much needed revenue for the Authority.

#### ***Capital Investment Program***

In order to maintain current levels of service and gauge future capital needs, we have developed a capital investment plan. However, in spite of increased parking demands in the downtown area increasing operations cost combined with uncertainty of a significant portion of future revenues demands a cautious approach in outlaying the funds for such expenses, necessary though they may be. In the past, the Authority has used reserve funds for capital expenses. However, this reserve should be utilized only as an emergency reserve fund.

#### ***Infrastructure***

As part of its Capital Investment Plan (CIP), the Authority has allocated funds for necessary capital upgrades.

Despite daily maintenance of our garages, the physical deterioration due to normal wear and tear, as well as, years of weather related issues, the Authority's facilities require timely renovation to avoid more costly restorations in the future. In our 2014 CIP, \$357,000 was allocated for the weatherization of the roof levels at BVG. We have also allocated \$500,000 for Government Center Garage ("GCG") and \$800,000 for Ashburton Parkadrome. This capital cost would be included in the City's FY2016/2017 CIP with work to commence in 2017 pending approval of the City's Budget.

The rolling stock within the Authority's fleet requires replacement periodically to avoid costly repairs and to sustain ongoing operations programs. In keeping with this program, 3 operations support vehicles were replaced.

## ***Technological upgrades***

### **Automation of Cacace Revenue System:**

At the end of 2015, the Cacace Parking Facility which is adjacent to the Yonkers' City Court House and Police Headquarters was automated with the introduction of new state of the art pay stations, fully automated access control systems and the removal of all old outdated pay station equipment. This project is expected to increase revenues threefold.

### ***Security:***

Our Security systems required a long overdue overhaul. As such, in 2013, upgrades to the Camera Security Systems at the GCG and BVG were secured and implemented during the first quarter of 2014. We are expected to add to additional High Definition Cameras to GCG and BVG. During 2015, 8 High Definition Cameras were added to the security equipment.

### ***Smart Meters and Pay Stations Pilot:***

In late 2013, research was done to identify cost effective, good quality, upgrades to existing single spaced coin meters and automate revenue control systems to enhance revenue control procedures. **Parkeon has been chosen and the pay stations will be installed by the summer of 2016. We will also be contracting with Park Mobile to use their pay by phone system which will allow smart phone users to download an app to pay for parking with their smart phones citywide.**

### ***LED Lighting Conversion:***

In May 2014, an Energy Audit was conducted by the New York Power Authority-(NYPA) for our (3) three Garages: GCG, BVG and Parkadrome Garage. With the assistance of the City's Director of Sustainability, an agreement was signed off between YPA and New York Power Authority ("NYPA") to convert the 3 Garages to LED lighting. It is estimated that such conversion will result in an approximate \$61,700 savings annually. The installation of the LED lights will begin in the Summer of 2016 at all 3 garages.

### ***Electric Cars Charging Stations:***

The use of electric cars are promoted and encouraged in YPA's facilities. Currently GCG has one location for charging electric cars. Again, with the assistance of the City's Director of Sustainability, we are have received through NYPA and NYSERTA two (2) charging stations which we have installed at BVG and we have promoted through the City with a press release to let commuters know that we have two (2) charging stations in BVG.

All of the above initiatives will result, not only, in greater - efficiency; convenience; and safety for our customers but will also provide increased revenue for the Yonkers Parking Authority.

### ***Economic Recession and Increased Costs***

Despite claims of some economic recovery, the global economic climate remains murky. As a result, the Authority's revenues are conservatively projected to continue to be impacted negatively. While area businesses continue to struggle, the derivative effects of reduced retail traffic and commuter parking have directly affected Authority meter revenues, which are expected to remain lower.

Ongoing public/private developments throughout Yonkers, especially in the downtown area, promise a bright outlook for the future of the citizens of Yonkers. The projects, in question, will require additional parking resulting in potential new revenues for the Authority and likewise promising a more positive outlook to the Authority's future.

### **Request for Information**

This financial report provides a general overview of the Yonkers Parking Authority's fiscal health. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to Ms. Gail Burns, Executive Director, Yonkers Parking Authority, 8 Buena Vista Avenue, Yonkers NY 10701.

## City of Yonkers Parking Authority and Government Center Garage

Combined Statements of Net Position

December 31,

	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Cash and equivalents	\$ 1,684,773	\$ 1,934,714
Due from City of Yonkers	28,117	97,147
Accounts receivable	250,034	60,833
Prepaid expenses	138,258	141,453
Deposits	1,000	1,000
Restricted cash	369,811	377,085
Capital assets		
Not being depreciated	698,232	698,232
Being depreciated, net	3,775,404	3,575,789
	<u>6,945,629</u>	<u>6,886,253</u>
<b>Total Assets</b>		
	<u>526,889</u>	<u>-</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
	<u>526,889</u>	<u>-</u>
<b>LIABILITIES</b>		
Accounts payable	82,958	71,807
Accrued expenses and taxes	47,746	25,429
Accrued interest payable	26,804	25,386
Unearned revenues	247,049	228,819
	<u>404,557</u>	<u>351,441</u>
<b>Total Current Liabilities</b>		
	<u>404,557</u>	<u>351,441</u>
Non-current liabilities		
Due within one year	174,610	165,152
Due in more than one year	7,155,916	5,934,653
	<u>7,330,526</u>	<u>6,099,805</u>
<b>Total Non-Current Liabilities</b>		
	<u>7,330,526</u>	<u>6,099,805</u>
<b>Total Liabilities</b>	<u>7,735,083</u>	<u>6,451,246</u>
	<u>7,735,083</u>	<u>6,451,246</u>
<b>NET POSITION (DEFICIT)</b>		
Net investment in capital assets	2,679,143	2,343,417
Unrestricted	(2,941,708)	(1,908,410)
	<u>(262,565)</u>	<u>435,007</u>
<b>Total Net Position</b>	<u>\$ (262,565)</u>	<u>\$ 435,007</u>

See notes to combined financial statements.

**City of Yonkers Parking Authority and Government Center Garage**

Combined Statements of Revenues, Expenses and Changes in Net Position  
Years Ended December 31,

	<u>2015</u>	<u>2014</u>
<b>OPERATING REVENUES</b>		
Permits, fees and other revenues	\$ 5,696,190	\$ 5,443,963
Reimbursement from City of Yonkers	98,067	158,578
Total Operating Revenues	<u>5,794,257</u>	<u>5,602,541</u>
<b>OPERATING EXPENSES</b>		
Staff	5,224,603	5,084,881
Operations	48,151	45,908
Support	1,060,412	930,234
Total Operating Expenses	<u>6,333,166</u>	<u>6,061,023</u>
Loss from Operations	<u>(538,909)</u>	<u>(458,482)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest income	8,224	8,687
Interest expense	(130,633)	(136,365)
Total Nonoperating Expenses	<u>(122,409)</u>	<u>(127,678)</u>
Change in Net Position	<u>(661,318)</u>	<u>(586,160)</u>
<b>NET POSITION</b>		
Beginning, as reported	435,007	1,021,167
Cumulative Effect of Change in Accounting Principle	<u>(36,254)</u>	<u>-</u>
Beginning, as restated	<u>398,753</u>	<u>1,021,167</u>
Ending	<u>\$ (262,565)</u>	<u>\$ 435,007</u>

See notes to combined financial statements.

## City of Yonkers Parking Authority and Government Center Garage

Combined Statements of Cash Flows  
Years Ended December 31,

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from permits, fees and other revenues	\$ 5,525,219	\$ 5,452,046
Cash received from reimbursement from City of Yonkers	167,097	227,508
Payments to suppliers	(804,683)	(715,881)
Payments to employees	(4,391,323)	(4,602,343)
Net Cash from Operating Activities	<u>496,310</u>	<u>361,330</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(489,149)	(128,491)
Principal paid on loan	(9,151)	(8,716)
Interest paid on loan	(23,599)	(25,453)
Principal paid on revenue bonds	(135,000)	(130,000)
Interest paid on revenue bonds	(104,850)	(110,146)
Net Cash from Capital and Related Financing Activities	<u>(761,749)</u>	<u>(402,806)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	8,224	8,687
Transfer from restricted cash	7,274	40,463
Net Cash from Investing Activities	<u>15,498</u>	<u>49,150</u>
Net Change in Cash and Equivalents	(249,941)	7,674
<b>CASH AND EQUIVALENTS</b>		
Beginning of Year	<u>1,934,714</u>	<u>1,927,040</u>
End of Year	<u>\$ 1,684,773</u>	<u>\$ 1,934,714</u>
<b>RECONCILIATION OF LOSS FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES</b>		
Loss from operations	\$ (538,909)	\$ (458,482)
Adjustment to reconcile loss from operations to net cash from operating activities		
Depreciation	289,534	247,431
Changes in operating assets and liabilities		
Due from the City of Yonkers	69,030	68,930
Accounts receivable	(189,201)	(4,690)
Prepaid expenses	3,195	5,927
Deferred outflows of resources	(96,604)	-
Accounts payable	11,151	6,903
Accrued expenses and taxes	22,317	(196,470)
Unearned revenues	18,230	12,773
Compensated absences	(1,291)	17,395
Net pension liability	(117,760)	-
Other post employment benefit obligations payable	1,026,618	661,613
Net Cash from Operating Activities	<u>\$ 496,310</u>	<u>\$ 361,330</u>

See notes to combined financial statements.

## **City of Yonkers Parking Authority and Government Center Garage**

Notes to Combined Financial Statements  
Years Ended December 31, 2015 and 2014

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### **Note 1 - Summary of Significant Accounting Policies**

#### **Organization**

The City of Yonkers Parking Authority ("Authority") was formed in 1964, with an intended life of 35 years, for the purpose of constructing, operating and maintaining the parking facilities in the City of Yonkers, New York ("City"). The termination date has been extended under the Public Authorities Law through the final redemption of any and all revenue bonds. The Authority is a public benefit corporation organized under the laws of the State of New York.

The City constructed a public parking facility known as the Government Center Garage ("Garage"). On November 1, 1978, and by amendment dated December 10, 1979, the City entered into an agreement with the Authority whereby the Authority operates and maintains the Garage. All operating revenues in excess of the Authority's cost of operation are retained by the Authority.

The City constructed a public parking facility known as the Buena Vista Garage ("Buena Vista"). In February 2004, the City entered into an agreement with the Authority whereby the Authority operates and maintains the Garage. If the reimbursable expenses exceed the receipts, then the City will reimburse the Authority. However, if the receipts exceed the reimbursable expenses then this surplus will be remitted to the City.

#### **Basis of Presentation**

The accompanying combined financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB"). These principles define the accounting for the operations of various fund types utilized by governmental entities, including the proprietary fund type which the Authority utilizes. Proprietary funds are described as follows:

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing board is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The acquisition, maintenance and improvement of the physical plant facilities required to provide these goods and services are financed from the resources of the fund or through the issuance of debt, and such assets and liabilities are recorded in the fund.

In accordance with GAAP, the Authority utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

#### **Principles of Combination**

The accompanying combined financial statements include the accounts of the Authority, the Garage and Buena Vista. These entities are all under common control. All significant intercompany accounts and transactions have been eliminated in combination.

## City of Yonkers Parking Authority and Government Center Garage

Notes to Combined Financial Statements (Continued)  
Years Ended December 31, 2015 and 2014

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### **Note 1 - Summary of Significant Accounting Policies (Continued)**

#### **Budgetary Data**

The Authority's administration prepares a proposed budget for the approval of the Board of Directors.

#### **Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **Capital Assets**

Capital assets are stated at cost. Land is not depreciated. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets as follows:

	<u>Years</u>
Office equipment	7
Automobiles and trucks	5
Parking meters and lot equipment	10
Parking lot and garage improvements	40

Expenditures for maintenance and repairs are charged to expense, and renewals and betterments are capitalized. Upon sale or retirement, the cost of the asset and the related accumulated depreciation are removed from the accounts and the resulting gain or loss is included in the results of operations.

#### **Prepaid Expenses**

Prepaid expenses consist of costs which have been satisfied prior to the end of the fiscal year, but represents items which will benefit subsequent periods.

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position 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 financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Authority reported deferred outflows of resources in relation to its pension obligations. These amounts are detailed in the discussion of the Authority's pension plans in Note 5.

## City of Yonkers Parking Authority and Government Center Garage

Notes to Combined Financial Statements (Continued)  
Years Ended December 31, 2015 and 2014

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### **Note 1 - 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 31, 2016.

### **Note 2 - Cash and Equivalents, Investments and Risk Disclosures**

The Authority's investment policies are governed by New York State statutes. The Authority is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The Authority has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize 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 Authority'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 Authority's name. The Authority's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2015.

### **Note 3 - Capital Assets**

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

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
Capital Assets, not being depreciated				
Land	\$ 698,232	\$ -	\$ -	\$ 698,232

**City of Yonkers Parking Authority and Government Center Garage**

Notes to Combined Financial Statements (Continued)  
 Years Ended December 31, 2015 and 2014

**Note 3 - Capital Assets** (Continued)

	Balance January 1, 2015	Additions	Deletions	Balance December 31, 2015
Capital Assets, being depreciated				
Office equipment	\$ 403,249	\$ 274,710	\$ -	\$ 677,959
Automobiles and trucks	862,992	62,080	(99,463)	825,609
Parking meters and lot equipment	2,137,943	55,492	-	2,193,435
Parking lot and garage improvements	5,814,751	96,867	-	5,911,618
Total Capital Assets, being depreciated	9,218,935	489,149	(99,463)	9,608,621
Less Accumulated Depreciation for				
Office equipment	352,502	65,598	-	418,100
Automobiles and trucks	805,749	34,653	99,463	740,939
Parking meters and lot equipment	1,945,720	53,485	-	1,999,205
Parking lot and garage improvements	2,539,175	135,798	-	2,674,973
Total Accumulated Depreciation	5,643,146	289,534	99,463	5,833,217
Total Capital Assets, being depreciated, net	<u>\$ 3,575,789</u>	<u>\$ 199,615</u>	<u>\$ -</u>	<u>\$ 3,775,404</u>
Capital Assets, net	<u>\$ 4,274,021</u>	<u>\$ 199,615</u>	<u>\$ -</u>	<u>\$ 4,473,636</u>
	Balance January 1, 2014	Additions	Deletions	Balance December 31, 2014
Capital Assets, not being depreciated				
Land	<u>\$ 698,232</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 698,232</u>
Capital Assets, being depreciated				
Office equipment	\$ 383,598	\$ 19,651	\$ -	\$ 403,249
Automobiles and trucks	831,059	31,933	-	862,992
Parking meters and lot equipment	2,086,080	51,863	-	2,137,943
Parking lot and garage improvements	5,789,707	25,044	-	5,814,751
Total Capital Assets, being depreciated	9,090,444	128,491	-	9,218,935
Less Accumulated Depreciation for				
Office equipment	350,313	2,189	-	352,502
Automobiles and trucks	772,679	33,070	-	805,749
Parking meters and lot equipment	1,873,614	72,106	-	1,945,720
Parking lot and garage improvements	2,399,109	140,066	-	2,539,175
Total Accumulated Depreciation	5,395,715	247,431	-	5,643,146
Total Capital Assets, being depreciated, net	<u>\$ 3,694,729</u>	<u>\$ (118,940)</u>	<u>\$ -</u>	<u>\$ 3,575,789</u>
Capital Assets, net	<u>\$ 4,392,961</u>	<u>\$ (118,940)</u>	<u>\$ -</u>	<u>\$ 4,274,021</u>

Depreciation expense for the years ended December 31, 2015 and 2014 was \$289,534 and \$247,431.

## City of Yonkers Parking Authority and Government Center Garage

Notes to Combined Financial Statements (Continued)  
Years Ended December 31, 2015 and 2014

### Note 4 - Long-Term Liabilities

The following table summarizes changes in the Authority's long-term indebtedness for the year ended December 31, 2015:

	Balance January 1, 2015	Cumulative Effect of Change in Accounting Principle	Balance January 1, 2015 As Restated	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2015	Due Within One Year
Revenue bonds payable	\$ 1,815,000	\$ -	\$ 1,815,000	\$ -	\$ 135,000	\$ 1,680,000	\$ 145,000
Unamortized original issue discount	(7,657)	-	(7,657)	-	(766)	(6,891)	-
	1,807,343	-	1,807,343	-	134,234	1,673,109	145,000
Other Non-current Liabilities							
Loan Payable	500,346	-	500,346	-	9,151	491,195	9,610
Compensated Absences	206,041	-	206,041	19,709	21,000	204,750	20,000
Net Pension Liability	-	466,539	466,539	-	117,760	348,779	-
Other Post Employment Benefit Obligations Payable	3,586,075	-	3,586,075	1,155,245	128,627	4,612,693	-
	<u>\$ 6,099,805</u>	<u>\$ 466,539</u>	<u>\$ 6,566,344</u>	<u>\$ 1,174,954</u>	<u>\$ 410,772</u>	<u>\$ 7,330,526</u>	<u>\$ 174,610</u>

### Revenue Bonds

On June 16, 1999, the Authority issued \$3,105,000 of Revenue Bonds, Series 1999 A, maturing through June 15, 2024, bearing interest at rates ranging from 4.3%-6.0%. The bonds were sold at a discount of \$19,145 which is being amortized over 25 years. Amortization expense charged to interest expense for each of the years ended December 31, 2015 and 2014 totaled \$766. The bonds are secured by the Authority's net revenue, as defined in the bond indentures. In addition, the Authority is required to meet certain covenants with regard to the ratio of net revenues to annual debt service. These covenants were met in both 2015 and in 2014.

Interest expense for 2015 and 2014 was \$105,616 and \$111,621, respectively net of the amortized discount.

The aggregate annual maturities of revenue bonds outstanding at December 31, 2015 are as follows:

	Principal	Interest
2016	\$ 145,000	\$ 96,450
2017	155,000	87,450
2018	165,000	77,850
2019	175,000	67,650
2020	185,000	56,850
2021 - 2024	855,000	106,650
	1,680,000	\$ 492,900
Less unamortized original issue discount	(6,891)	
	<u>\$ 1,673,109</u>	

## City of Yonkers Parking Authority and Government Center Garage

Notes to Combined Financial Statements (Continued)  
Years Ended December 31, 2015 and 2014

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### **Note 4 - Long-Term Liabilities** (Continued)

#### **Cash Restrictions**

Upon issuance of the revenue bonds, the indentures required the establishment of a Debt Service Fund and a Debt Service Reserve Fund per the 1999A revenue bond official statement page 6, second paragraph. For 2015 and 2014 these accounts are funded at \$369,811 and \$377,085, respectively, which is to be maintained with the trustee for the bonds. These amounts have been reflected as restricted cash in the combined statements of net position.

#### **Loans Payable**

Loans payable of \$491,195 reported by the Authority as of December 31, 2015 represents a loan from the City of Yonkers for the Saw Mill River lot. Commencing February 1, 2012, the repayment terms require thirty annual payments of \$34,170, which includes interest at 5% per annum. Interest expense for 2015 and 2014 was \$25,017 and \$25,453, respectively.

The aggregate annual maturities of the loan outstanding at December 31, 2015 are as follows:

	<u>Principal</u>	<u>Interest</u>
2016	\$ 9,610	\$ 24,560
2017	10,090	24,079
2018	10,595	23,575
2019	11,125	23,045
2020	11,681	22,489
2021 - 2025	67,771	103,077
2026 - 2030	86,495	84,353
2031 - 2035	110,392	60,456
2036 - 2040	140,892	29,956
2041	<u>32,543</u>	<u>1,627</u>
	<u>\$ 491,194</u>	<u>\$ 397,215</u>

#### **Compensated Absences**

Vacation and personal time not utilized during the year is carried forward to subsequent years. Sick leave may be accumulated to a maximum of 180 days. The Authority, however, is not required to pay accumulated sick leave upon retirement or termination. The Authority has determined that the potential liability for vested or accumulated vacation and personal leave at December 31, 2015 and 2014 was \$204,750 and \$206,041, respectively.

#### **Other Post Employment Benefit Obligations Payable**

In addition to providing pension benefits, the Authority provides certain health care benefits for retired employees through a single employer defined benefit plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the Authority may vary according to length of service. The cost of providing post employment health care benefits is shared between the Authority and the retired employee. Substantially all of the Authority's employees may become eligible for those benefits if they reach normal retirement age while working for the Authority. The Authority has recognized revenues and expenses of \$13,208 and \$9,590 for Medicare Part D payments made directly to its health insurance carrier on behalf of its retirees for the period ending December 31,

**City of Yonkers Parking Authority and Government Center Garage**

Notes to Combined Financial Statements (Continued)  
 Years Ended December 31, 2015 and 2014

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**Note 4 - Long-Term Liabilities** (Continued)

2015 and 2014, respectively.

The Authority’s annual other post employment benefit (“OPEB”) cost (expense) is calculated based on the annual required contribution, (“ARC”), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. GASB Statement No. 45 establishes standards for the measurement, recognition and display of the expenses and liabilities for retirees’ medical insurance. As a result, reporting of expenses and liabilities will no longer be done under the “pay-as-you-go” approach. Instead of expensing the current year premiums paid, a per capita claims cost will be determined, which will be used to determine a “normal cost”, an “actuarial accrued liability”, and ultimately the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. In addition, the assumptions and projections utilized do not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. The actuarial calculations of the OPEB plan reflect a long-term perspective.

The Authority is required to accrue the amounts necessary to finance OPEB as actuarially determined, which is equal to the balance not paid by plan members. Funding for OPEB has been established on a pay-as-you-go basis. The assumed rates of increase in post retirement benefits are as follows:

<u>Year Ended December 31,</u>	<u>Pre-65 Medical</u>	<u>Post-65 Medical</u>	<u>Perscription Drug</u>
2016	7.75 %	6.75 %	11.00 %
2017	7.75	6.50	10.50
2018	7.25	6.25	10.00
2019	7.00	6.00	9.50
2020	6.72	5.89	8.80
2021+	6.447-3.886	5.780-3.886	8.113-3.886

The amortization basis is the level dollar method with an open amortization approach with 24 years remaining in the amortization period. The actuarial assumptions included a 4.25% investment rate of return and a 3% inflation rate. The Authority currently has no assets set aside for the purpose of paying post employment benefits. The actuarial cost method utilized was the projected unit credit method.

The number of participants as of December 31, 2015 was as follows:

Active Employees	35
Retired Employees	9
Surviving Spouse	<u>5</u>
Total	<u><u>49</u></u>

**City of Yonkers Parking Authority and Government Center Garage**

Notes to Combined Financial Statements (Continued)  
 Years Ended December 31, 2015 and 2014

**Note 4 - Long-Term Liabilities** (Continued)

	<u>2015</u>	<u>2014</u>
Amortization Component:		
Actuarial Accrued Liability as of January 1, 2015	\$ 11,571,170	\$ 8,527,366
Assets at Market Value	-	-
	<u>\$ 11,571,170</u>	<u>\$ 8,527,366</u>
Unfunded Actuarial Accrued Liability		
	<u>\$ 11,571,170</u>	<u>\$ 8,527,366</u>
Funded Ratio	<u>0.00%</u>	<u>0.00%</u>
Covered Payroll (active plan members)	<u>\$ 2,746,034</u>	<u>\$ 2,902,500</u>
UAAL as a Percentage of Covered Payroll	<u>421.38%</u>	<u>293.79%</u>
Annual Required Contribution	\$ 1,216,561	\$ 880,006
Interest on Net OPEB Obligation	152,408	124,290
Adjustment to Annual Required Contribution	<u>(213,724)</u>	<u>(174,293)</u>
Annual OPEB Cost	1,155,245	830,003
Contributions Made	<u>(128,627)</u>	<u>(168,390)</u>
Increase in Net OPEB Obligation	1,026,618	661,613
Net OPEB Obligation - Beginning of Year	<u>3,586,075</u>	<u>2,924,462</u>
Net OPEB Obligation - End of Year	<u>\$ 4,612,693</u>	<u>\$ 3,586,075</u>

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the current and preceding year is as follows:

<u>Fiscal Year Ended December 31,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 1,155,245	11.13 %	\$ 4,612,693
2014	830,003	20.29	3,586,075
2013	793,957	20.26	2,924,462

**Note 5 - Pension Plans**

*New York State and Local Retirement System*

The Authority participates in the New York State and Local Employees' Retirement System ("System"). This System is cost-sharing, multiple-employer defined benefit pension plans. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all net assets and record changes in plan net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to

## City of Yonkers Parking Authority and Government Center Garage

Notes to Combined Financial Statements (Continued)  
Years Ended December 31, 2015 and 2014

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### **Note 5 - Pension Plans (Continued)**

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 System, 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 Authority also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The System 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/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Funding Policy - The Systems are 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 a regular pension contribution. System contributions for 2015 and 2014 were \$325,685 and \$571,738 respectively. Contribution rates for the plan's year ending March 31, 2015 and 2014 were as follows:

	<u>Tier</u>	<u>Rate</u>
2015	3	18.8%
	4	18.8
2015	3	20.3%
	4	20.3

At December 31, 2015, the Authority reported a liability of \$348,779 for its proportionate share of the net pension liability of ERS. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability 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. At December 31, 2015, the Authority's proportion was .0103243% for ERS.

For the years ended December 31, 2015 and 2014, the Authority recognized pension expense of \$325,685 and \$571,738 respectively, for ERS.

## City of Yonkers Parking Authority and Government Center Garage

Notes to Combined Financial Statements (Continued)  
 Years Ended December 31, 2015 and 2014

### Note 5 - Pension Plans (Continued)

At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>ERS</u> <u>Deferred</u> <u>Outflows</u> <u>of Resources</u>
Differences between expected and actual experience	\$ 11,165
Changes of assumptions	-
Net difference between projected and actual earnings on pension plan investments	60,578
Changes in proportion and differences between The Authority's contributions and proportionate share of contributions	40,146
The Authority's contributions subsequent to the measurement date	<u>415,000</u>
	<u>\$ 526,889</u>

\$415,000 reported as deferred outflows of resources related to ERS, resulting from the Authority's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

<u>Year Ended</u> <u>March 31,</u>	<u>ERS</u>
2016	\$ 27,972
2017	27,972
2018	27,972
2019	27,973

The total pension liability for the March 31, 2015 measurement date was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liabilities to March 31, 2015. The total pension liabilities for the March 31, 2014 measurement date were determined by using an actuarial valuation as of April 1, 2014. Significant actuarial assumptions used in the April 1, 2014 valuation were as follows:

Actuarial cost method	Entry age normal
Inflation	2.7%
Salary scale	4.9% in ERS
Investment rate of return	7.5% compounded annually, net of investment expenses, including inflation
Cost of living adjustments	1.4% annually

Annuitant mortality rates are based on the April 1, 2005 – March 31, 2010 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

## City of Yonkers Parking Authority and Government Center Garage

Notes to Combined Financial Statements (Continued)  
 Years Ended December 31, 2015 and 2014

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### **Note 5 - Pension Plans (Continued)**

The actuarial assumptions used in the April 1, 2014 valuation are based on the results of an actuarial experience study for the period April 1, 2005 - March 31, 2010.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice ("ASOP") No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 and 2014 are summarized below.

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38 %	7.30 %
International Equity	13	8.55
Private Equity	10	11.00
Real Estate	8	8.25
Absolute Return Strategies	3	6.75
Opportunistic Portfolio	3	8.60
Real Assets	3	8.65
Bonds and Mortgages	18	4.00
Cash	2	2.25
Inflation Indexed Bonds	2	4.00
	<u>100 %</u>	

The discount rate used to calculate the total pension liability was 7.5%. 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.

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Authority'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 (6.5%) or 1 percentage point higher (8.5%) than the current rate:

**City of Yonkers Parking Authority and Government Center Garage**

Notes to Combined Financial Statements (Continued)  
 Years Ended December 31, 2015 and 2014

**Note 5 - Pension Plans (Continued)**

	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
Authority's proportionate share of the ERS net pension liability (asset)	<u>\$ 2,324,760</u>	<u>\$ 348,779</u>	<u>\$ (1,319,440)</u>

The components of the collective net pension liability as of the March 31, 2015 measurement date were as follows:

	<u>ERS</u>
Total pension liability	\$ 164,591,504,000
Fiduciary net position	<u>161,213,259,000</u>
Employers' net pension liability	<u>\$ 3,378,245,000</u>
Fiduciary net position as a percentage of total pension liability	<u>97.9%</u>

Employer contributions to ERS are paid annually and cover the period through the end of the System's fiscal year, which is March 31<sup>st</sup>. Retirement contributions as of December 31, 2015 represent the employer contribution for the period of April 1, 2015 through December 31, 2015 based on prior year ERS wages multiplied by the employers' contribution rate, by tier. Retirement contributions to ERS and for the nine months ended December 31, 2015 were \$526,889.

**Note 6 - Unearned Revenues**

Unearned revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Authority has reported unearned revenues of \$247,049 and \$228,819 for permit fees received in advance for the years ended December 31, 2015 and 2014, respectively. The Authority amortizes such amounts into income as the permit fees are earned.

**Note 7 - Commitments and Contingencies**

**Leases and Permit of Use**

The Authority leases two parking lots on a month-to-month basis. Rent expense for the years ended December 31, 2015 and 2014 amounted to \$90,000 and \$31,500.

## **City of Yonkers Parking Authority and Government Center Garage**

Notes to Combined Financial Statements (Concluded)  
Years Ended December 31, 2015 and 2014

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### **Note 7 - Commitments and Contingencies (Continued)**

#### **Litigation**

The Authority is a defendant in lawsuits arising from normal business activities. Management has reviewed pending litigation with legal counsel and believes that those actions are without merit or that the ultimate liability, if any, resulting from these actions will not be material to the combined financial statements.

#### **Risk Management**

The Authority purchases various conventional insurance policies to reduce its exposure to loss. The general liability policies maintained provide coverage up to \$1 million per occurrence and \$2 million in the general aggregate. The Authority's public officials' liability policy provides coverage of \$1 million per occurrence and \$1 million in the general aggregate. The Authority maintains a Flea Market general liability which provides coverage up to \$1 million per occurrence and \$2 million in the general aggregate. The Authority also maintains an umbrella liability policy which provides coverage up to \$5 million per occurrence and \$5 million in the general aggregate. Property insurance for fire loss is also maintained for the Authority's buildings and contents. The Blanket limit includes contents covered in the amount of \$27,591. Total liability coverage is \$9 million per occurrence and \$11 million in the aggregate.

Workers' compensation coverage is secured at statutory levels. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years. The Authority purchases conventional health insurance (New York State Health Insurance Program, NYSHIP) from the New York State Department of Civil Service Employee Benefits Division.

#### **Reimbursement from the City of Yonkers**

The Authority is reimbursed for each month's deficits for charges for services and other miscellaneous expenses for the operations of Buena Vista. In addition, the City reimbursed the authority for any approved capitalized expenditures. The balance of the deficit is provided by a contribution from the City. For the years ended December 31, 2015 and 2014, the City has contributed \$98,067 and \$158,578, respectively.

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**City of Yonkers Parking Authority and Government Center Garage**

Required Supplementary Information - Schedule of Funding Progress

Other Post Employment Benefits

Last Three Fiscal Years

Valuation Date	Actuarial		Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as a Percentage of Covered Payroll
	Value of Assets	Accrued Liability				
January 1, 2013	\$ -	\$ 7,995,226	7,995,226	- %	\$ 2,651,000	301.59 %
January 1, 2014	-	8,527,366	8,527,366	-	2,902,500	293.79
January 1, 2015	-	11,571,170	11,571,170	-	2,746,034	421.38

Yonkers Parking Authority and Government Center Garage

Required Supplementary Information - Schedule of the  
Authority's Proportionate Share of the Net Pension Liability  
New York State and Local Employees' Retirement System  
Last Ten Fiscal Years (1)

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	<u>2015</u>
Authority's proportion of the net pension liability (asset)	<u>0.0103243%</u>
Authority's proportionate share of the net pension liability (asset)	<u>\$ 348,779</u>
Authority's covered-employee payroll	<u>\$ 2,746,034</u>
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>12.70%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>97.90%</u>

Note - The amounts presented for each fiscal year were determined as of  
the March 31 measurement date within the current fiscal year.

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting  
Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

Yonkers Parking Authority and Government Center Garage

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

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	<u>2015</u>
Contractually required contribution	\$ 553,032
Contributions in relation to the contractually required contribution	<u>553,032</u>
Contribution deficiency (excess)	<u>\$ -</u>
Authority's covered-employee payroll	<u>\$ 2,797,711</u>
Contributions as a percentage of covered-employee payroll	<u>18.33%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

**City of Yonkers Parking Authority and Government Center Garage**

Supplementary Information  
December 31,

	<b>2015</b>		
	<b>Yonkers Parking Authority</b>	<b>Government Center Garage</b>	<b>Combined</b>
<b>COMBINING SCHEDULES OF NET POSITION</b>			
<b>ASSETS</b>			
Cash and equivalents	\$ 1,680,173	\$ 4,600	\$ 1,684,773
Due (to) from City of Yonkers Parking Authority and Government Center Garage	227,023	(227,023)	-
Due from City of Yonkers	28,117	-	28,117
Accounts receivable	249,793	241	250,034
Prepaid expenses	124,432	13,826	138,258
Deposits	1,000	-	1,000
Restricted cash	369,811	-	369,811
Capital assets			
Not being depreciated	698,232	-	698,232
Being depreciated, net	3,298,161	477,243	3,775,404
Total Assets	<u>6,676,742</u>	<u>268,887</u>	<u>6,945,629</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>526,889</u>	<u>-</u>	<u>526,889</u>
<b>LIABILITIES</b>			
Accounts payable	71,663	11,295	82,958
Accrued expenses and taxes	43,905	3,841	47,746
Accrued interest expense	26,804	-	26,804
Unearned revenues	209,192	37,857	247,049
Non-current liabilities			
Due within one year	170,610	4,000	174,610
Due in more than one year	7,116,868	39,048	7,155,916
Total Liabilities	<u>7,639,042</u>	<u>96,041</u>	<u>7,735,083</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,201,900	477,243	2,679,143
Unrestricted	<u>(2,464,465)</u>	<u>(477,243)</u>	<u>(2,941,708)</u>
Total Net Position	<u>\$ (262,565)</u>	<u>\$ -</u>	<u>\$ (262,565)</u>

See independent auditors' report.

<b>2014</b>		
<b>Yonkers Parking Authority</b>	<b>Government Center Garage</b>	<b>Combined</b>
\$ 1,930,114	\$ 4,600	\$ 1,934,714
227,023	(227,023)	-
97,147	-	97,147
60,833	-	60,833
123,134	18,319	141,453
1,000	-	1,000
377,085	-	377,085
698,232	-	698,232
<u>3,290,793</u>	<u>284,996</u>	<u>3,575,789</u>
<u>6,805,361</u>	<u>80,892</u>	<u>6,886,253</u>
<u>-</u>	<u>-</u>	<u>-</u>
29,025	42,782	71,807
22,468	2,961	25,429
25,386	-	25,386
211,907	16,912	228,819
163,152	2,000	165,152
<u>5,918,416</u>	<u>16,237</u>	<u>5,934,653</u>
<u>6,370,354</u>	<u>80,892</u>	<u>6,451,246</u>
2,058,421	284,996	2,343,417
<u>(1,623,414)</u>	<u>(284,996)</u>	<u>(1,908,410)</u>
<u>\$ 435,007</u>	<u>\$ -</u>	<u>\$ 435,007</u>

**City of Yonkers Parking Authority and Government Center Garage**

Supplementary Information (Continued)  
 Years Ended December 31,

	2015						Variance with Final Budget Positive (Negative)
	Adopted Budget	Final Budget	Actual			Combined	
			Yonkers Parking Authority	Buena Vista Garage	Government Center Garage		
<b>COMBINING SCHEDULES OF REVENUES AND EXPENSES - BUDGET AND ACTUAL</b>							
<b>OPERATING REVENUES</b>							
Meter collections	\$ 2,447,177	\$ 2,447,177	\$ 2,665,283	\$ -	\$ -	\$ 2,665,283	\$ 218,106
Rental income	487,415	487,415	292,293	124,961	73,401	490,655	3,240
Permit fees	1,603,193	1,603,193	845,274	543,880	340,291	1,729,445	126,252
Collection booths	743,491	743,491	192,802	264,411	256,576	713,789	(29,702)
Overtime notices	76,965	76,965	71,040	-	-	71,040	(5,925)
Miscellaneous	1,757	1,757	23,112	2,866	-	25,978	24,221
Reimbursement from City of Yonkers	110,732	110,732	-	98,067	-	98,067	(12,665)
	<u>\$ 5,470,730</u>	<u>\$ 5,470,730</u>	<u>\$ 4,089,804</u>	<u>\$ 1,034,185</u>	<u>\$ 670,268</u>	<u>\$ 5,794,257</u>	<u>\$ 323,527</u>
<b>OPERATING EXPENSES</b>							
<b>Staff</b>							
Personnel	\$ 2,655,680	\$ 2,655,680	\$ 1,872,675	\$ 600,235	\$ 261,506	\$ 2,734,416	\$ (78,736)
Employee benefits	885,183	885,183	695,041	154,049	73,708	922,798	(37,615)
Payroll taxes	212,296	212,296	147,894	46,453	20,739	215,086	(2,790)
Retirement benefits	533,013	533,013	222,392	69,388	33,905	325,685	207,328
Other post employment benefits	-	-	1,026,618	-	-	1,026,618	(1,026,618)
	<u>\$ 4,286,172</u>	<u>\$ 4,286,172</u>	<u>\$ 3,964,620</u>	<u>\$ 870,125</u>	<u>\$ 389,858</u>	<u>\$ 5,224,603</u>	<u>\$ (938,431)</u>
<b>Operations</b>							
Telephone	\$ 18,000	\$ 18,000	\$ 16,476	\$ -	\$ -	\$ 16,476	\$ 1,524
Postage	2,000	2,000	1,864	-	-	1,864	136
Printing	500	500	220	-	-	220	280
Advertising	400	400	-	-	-	-	400
Office supplies	19,500	19,500	23,040	4,900	1,651	29,591	(10,091)
	<u>\$ 40,400</u>	<u>\$ 40,400</u>	<u>\$ 41,600</u>	<u>\$ 4,900</u>	<u>\$ 1,651</u>	<u>\$ 48,151</u>	<u>\$ (7,751)</u>

<b>2014</b>						
<b>Actual</b>						
<b>Adopted Budget</b>	<b>Final Budget</b>	<b>Yonkers Parking Authority</b>	<b>Buena Vista Garage</b>	<b>Government Center Garage</b>	<b>Combined</b>	<b>Variance with Final Budget Positive (Negative)</b>
\$ 2,400,000	\$ 2,484,285	\$ 2,610,012	\$ -	\$ -	\$ 2,610,012	\$ 125,727
444,000	445,000	314,275	79,100	71,962	465,337	20,337
1,600,000	1,586,000	775,727	525,724	303,353	1,604,804	18,804
772,000	697,015	213,068	243,482	224,927	681,477	(15,538)
80,000	80,300	74,415	-	-	74,415	(5,885)
10,000	3,071	890	7,028	-	7,918	4,847
101,119	101,119	-	158,578	-	158,578	57,459
<u>\$ 5,407,119</u>	<u>\$ 5,396,790</u>	<u>\$ 3,988,387</u>	<u>\$ 1,013,912</u>	<u>\$ 600,242</u>	<u>\$ 5,602,541</u>	<u>\$ 205,751</u>
\$ 2,675,585	\$ 2,675,588	\$ 1,909,033	\$ 555,918	\$ 324,995	\$ 2,789,946	\$ (114,358)
872,408	846,400	602,334	143,130	93,839	839,303	7,097
213,887	222,569	150,351	44,334	27,596	222,281	288
547,826	572,350	381,307	116,389	74,042	571,738	612
-	-	661,613	-	-	661,613	(661,613)
<u>\$ 4,309,706</u>	<u>\$ 4,316,907</u>	<u>\$ 3,704,638</u>	<u>\$ 859,771</u>	<u>\$ 520,472</u>	<u>\$ 5,084,881</u>	<u>\$ (767,974)</u>
\$ 27,000	\$ 23,000	\$ 21,298	\$ -	\$ -	\$ 21,298	\$ 1,702
1,500	2,000	1,845	-	-	1,845	155
500	600	253	-	-	253	347
400	400	-	-	-	-	400
33,500	26,430	18,592	3,920	-	22,512	3,918
<u>\$ 62,900</u>	<u>\$ 52,430</u>	<u>\$ 41,988</u>	<u>\$ 3,920</u>	<u>\$ -</u>	<u>\$ 45,908</u>	<u>\$ 6,522</u>

(Continued)

**City of Yonkers Parking Authority and Government Center Garage**

Supplementary Information (Continued)  
 Years Ended December 31,

	2015						Variance with Final Budget Positive (Negative)
	Adopted Budget	Final Budget	Actual			Combined	
			Yonkers Parking Authority	Buena Vista Garage	Government Center Garage		
<b>COMBINING SCHEDULES OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (Continued)</b>							
<b>OPERATING EXPENSES</b>							
Support							
Insurance	\$ 116,300	\$ 116,300	\$ 113,705	\$ -	\$ -	\$ 113,705	\$ 2,595
Utilities	208,918	208,918	44,367	59,526	70,559	174,452	34,466
Professional fees	50,000	50,000	55,188	5,000	-	60,188	(10,188)
Uniforms	9,200	9,200	8,597	2,701	1,322	12,620	(3,420)
Fuel	50,000	50,000	25,219	-	-	25,219	24,781
Rent	91,000	91,000	90,000	-	-	90,000	1,000
Service agreements	58,433	58,433	34,070	24,201	1,260	59,531	(1,098)
Repairs and maintenance	103,240	103,240	73,044	25,652	21,984	120,680	(17,440)
Facility maintenance	72,200	72,200	68,836	25	5,167	74,028	(1,828)
Capital equipment	7,500	7,500	-	-	-	-	7,500
Depreciation	-	-	206,875	11,718	70,941	289,534	(289,534)
Tuition/board	2,000	2,000	2,740	-	-	2,740	(740)
Bank charges	27,000	27,000	27,825	7,717	-	35,542	(8,542)
Miscellaneous	4,150	4,150	2,153	20	-	2,173	1,977
Cooperative agreement expense	-	-	(107,526)	-	107,526	-	-
	<u>\$ 799,941</u>	<u>\$ 799,941</u>	<u>\$ 645,093</u>	<u>\$ 136,560</u>	<u>\$ 278,759</u>	<u>\$ 1,060,412</u>	<u>\$ (260,471)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>							
Interest income	\$ 10,175	\$ 10,175	\$ 8,224	\$ -	\$ -	\$ 8,224	\$ 1,951
Interest expense	(274,021)	(274,021)	(130,633)	-	-	(130,633)	(143,388)
Contribution to fund balance	(80,371)	(80,371)	-	-	-	-	(80,371)
	<u>\$ (344,217)</u>	<u>\$ (344,217)</u>	<u>\$ (122,409)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (122,409)</u>	<u>\$ (221,808)</u>

See independent auditors' report.

		2014					
		Actual					
Adopted Budget	Final Budget	Yonkers Parking Authority	Buena Vista Garage	Government Center Garage	Combined	Variance with Final Budget Positive (Negative)	
\$ 116,300	\$ 116,300	\$ 111,544	\$ -	\$ -	\$ 111,544	\$ 4,756	
181,500	193,000	45,754	70,360	88,163	204,277	(11,277)	
55,000	33,000	29,550	-	-	29,550	3,450	
9,100	9,900	6,717	2,227	1,108	10,052	(152)	
45,000	39,191	31,008	-	-	31,008	8,183	
22,800	31,500	31,500	-	-	31,500	-	
96,000	65,000	35,101	24,060	-	59,161	5,839	
98,500	124,360	51,508	12,922	53,083	117,513	6,847	
57,600	65,300	52,747	-	5,765	58,512	6,788	
45,000	45,000	-	-	-	-	45,000	
-	-	216,436	8,944	22,051	247,431	(247,431)	
2,000	2,000	1,689	-	-	1,689	311	
22,000	28,800	19,126	6,771	-	25,897	2,903	
2,200	2,300	1,560	60	480	2,100	200	
-	-	90,880	-	(90,880)	-	-	
<u>\$ 753,000</u>	<u>\$ 755,651</u>	<u>\$ 725,120</u>	<u>\$ 125,344</u>	<u>\$ 79,770</u>	<u>\$ 930,234</u>	<u>\$ (174,583)</u>	
\$ 9,000	\$ 8,600	\$ 8,687	\$ -	\$ -	\$ 8,687	\$ (87)	
(276,971)	(276,971)	(136,365)	-	-	(136,365)	(140,606)	
(13,542)	(3,431)	-	-	-	-	-	
<u>\$ (281,513)</u>	<u>\$ (271,802)</u>	<u>\$ (127,678)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (127,678)</u>	<u>\$ (140,693)</u>	

**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**

**The Board of Directors of the  
City of Yonkers Parking Authority and  
Government Center Garage**

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 Parking Authority and Government Center Garage (“Authority”) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Authority’s financial statements, and have issued our report thereon dated March 31, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Authority’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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’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 Authority'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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PKF O'Connor Davies, LLP*

**PKF O'Connor Davies, LLP**

Harrison, New York

March 31, 2016



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

**The Board of Directors of the  
City of Yonkers Parking Authority and  
Government Center Garage**

We have examined the Yonkers Parking Authority and Government Center Garage ("Authority") compliance with Section 2925(3)(f) of the New York State Public Authorities Law and Part 201 of Title Two of the New York Code of Rules and Regulations during the year ended December 31, 2015. Management is responsible for the Authority's compliance with those requirements. Our responsibility is to express an opinion on the Authority'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 Authority'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 Authority's compliance with specified requirements.

In our opinion, the Authority complied, in all material respects, with the aforementioned requirements during the year ended December 31, 2015.

This report is intended solely for the information and use of management, the Board of Directors, officials of the Yonkers Parking Authority and Government Center Garage 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.

*PKF O'Connor Davies, LLP*  
**PKF O'Connor Davies, LLP**  
Harrison, New York  
March 31, 2016