

# **Yonkers Industrial Development Agency**

Financial Statements  
With Supplementary Information

December 31, 2009 and 2008

**City of Yonkers Industrial Development Agency**  
Management's Discussion and Analysis  
Year Ended December 31, 2009

The following Management's Discussion and Analysis (MD&A) of the City of Yonkers Industrial Development Agency's (YIDA) (the Agency) activities and financial performance is provided as an introduction and overview of the financial statements of YIDA for the years ended December 31, 2009 and 2008. 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 financials statements. This MD&A highlights certain supplementary information to assist with the understanding of the YIDA's financial operations.

**OPERATIONS**

The City of Yonkers Industrial Development Agency 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 and its populace to accomplish any or all of the purposes specified in Title 1 of Article I8A. 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 of Yonkers. 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 IDA by establishing official policies, 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.

The IDA's mission is to generate economic development and job growth throughout the City of Yonkers by attracting new businesses; retaining existing ones and helping them all become 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, Payment-In-Lieu-Of-Tax agreements (PILOTs) and by issuing tax exempt Industrial Development Bonds (IDB's).

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

**FINANCIAL OPERATIONS HIGHLIGHTS**

The Financial Statements for years ended December 31, 2009 and 2008 are attached. The table below provides a condensed summary of revenues and expenses for the past two years.

	<u>2009</u>	<u>2008</u>
Total Operating Revenue	\$ 866,356	\$ 1,780,484
Total Operating Expenses	1,939,699	1,491,968

**City of Yonkers Industrial Development Agency**  
Management's Discussion and Analysis  
Year Ended December 31, 2009  
*(continued)*

(Note: Of the total 2009 revenue and expenses, the Workforce Investment Board represents \$519,738 in revenue and \$519,738 in expenses.)

**Revenues**

Agency revenues were derived from a .5% Agency Fee on a commercial Lease/Leaseback Agreement and .3% Agency Fee on an affordable housing deal with HFA Bond. As a result of the economic recession, two projects closed in 2009 as opposed to 4 in 2008. The two projects paid an agency fees to YIDA as follows:

Commercial Project:	Macy's	\$136,950
Housing Project:	Grant Park	136,500

**Assets and Liabilities**

At December 31, 2009, the Agency had \$3,834,697 in assets, \$3,473,537 in liabilities. A complete breakdown is provided in the accompanying financial statements.

**Bonds or Notes**

Schedule of Bonds and Notes Issued is provided in the financial statements.

**NEW OPERATIONS**

To further the objective of advancing job opportunities, health, general prosperity, economic welfare and standard of living of the inhabitants of the City of Yonkers, the YIDA board established a relationship with the Workforce Investment Board in May 2009. The IDA' s Chairman, as Mayor of the City of Yonkers, 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. Establishing a cooperative and dynamic working relationship between the IDA and the WIB will enhance the City's efforts to retain existing employers, attract new employers and get more of our residents to work with skills that are truly marketable to Yonkers companies.

The YIDA is working in tandem with New Main Street Development Corporation to assist in acquiring properties needed for the daylighting of the Saw Mill River — a major Yonkers initiative.

In 2007 YIDA created the Yonkers Economic Development Corporate and held its first meeting in November 2009. YEDC will provide certain taxable and tax exempt financial assistance for projects where incentives are no longer available through the Agency or instances where the Agency's ability to assist economic development projects has been significantly limited by lapsing legislation. YEDC's mission of promoting the creation and preservation of employment opportunities in line with the YIDA's overall objectives and it may deliver financial assistance in a more cost effective form. YEDC is comprised of four of the seven YIDA board members. The YIDA staff provides all administrative support for YEDC.



O'Connor Davies Munns & Dobbins, llp  
ACCOUNTANTS AND CONSULTANTS

## **Independent Auditors' Report**

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

We have audited the accompanying statements of net assets of Yonkers Industrial Development Agency (the "Agency") as of December 31, 2009 and 2008 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Yonkers Industrial Development Agency's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Yonkers Industrial Development Agency as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 4, the Agency has a receivable in the amount of \$670,000 and the timing of its collection is uncertain.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Statements Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

**Board of Directors**  
**Yonkers Industrial Development Agency**  
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In accordance with Government Auditing Standards, we have also issued our report dated March 22, 2010 on our consideration of the Agency's internal control over financial reporting and 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 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 and should be considered in assessing the results of our audit.

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

*O'Connor Davieo Munno & Dobbins, LLP*

White Plains, New York  
March 22, 2010

## Yonkers Industrial Development Agency

### Statements of Net Assets

December 31,

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 540,735	\$ 1,778,916
Accounts receivable, net	698,467	694,701
Prepaid expenses	277,699	253,920
Restricted cash	2,308,500	2,936,255
Equipment, net	<u>9,296</u>	<u>13,031</u>
	<u>\$ 3,834,697</u>	<u>\$ 5,676,823</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 79,363	\$ 98,137
Accrued expenses	121,750	43,607
Scholarships payable	3,924	3,924
Due to other governments	960,000	1,200,000
Due to other entities	<u>2,308,500</u>	<u>2,936,255</u>
Total Liabilities	3,473,537	4,281,923
<b>NET ASSETS</b>		
Unrestricted	<u>361,160</u>	<u>1,394,900</u>
	<u>\$ 3,834,697</u>	<u>\$ 5,676,823</u>

See notes to financial statements

## Yonkers Industrial Development Agency

### Statements of Activities

Years Ended December 31,

	<u>2009</u>	<u>2008</u>
<b>OPERATING REVENUE</b>		
Agency fees	\$ 293,450	\$ 1,711,990
Workforce grant	519,738	-
Application and administrative fees	4,800	3,000
Miscellaneous income	<u>48,368</u>	<u>65,494</u>
Total Operating Revenue	<u>866,356</u>	<u>1,780,484</u>
<b>OPERATING EXPENSES</b>		
Salaries	781,258	409,474
Payroll taxes and employee benefits	280,021	115,317
Rent	85,500	85,500
Consulting and professional fees	486,914	587,263
Advertising, printing and reproduction	238,269	210,920
Travel	9,628	9,374
Insurance	6,954	7,927
Conferences and meetings	8,539	11,704
Communications	24,497	28,311
Office supplies and other expenses	13,680	21,809
Depreciation	<u>4,439</u>	<u>4,369</u>
Total Operating Expenses	<u>1,939,699</u>	<u>1,491,968</u>
(Loss) Gain from Operations	<u>(1,073,343)</u>	<u>288,516</u>
<b>NON-OPERATING REVENUE</b>		
Interest and dividend income	39,603	44,642
Realized and unrealized loss on investments	<u>-</u>	<u>(2,153)</u>
Total Non-Operating Revenue	<u>39,603</u>	<u>42,489</u>
Change in Net Assets	(1,033,740)	331,005
<b>NET ASSETS</b>		
Beginning of year	<u>1,394,900</u>	<u>1,063,895</u>
End of year	<u>\$ 361,160</u>	<u>\$ 1,394,900</u>

See notes to financial statements

## Yonkers Industrial Development Agency

### Statements of Cash Flows

Years Ended December 31,

	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 862,591	\$ 1,798,783
Cash payments for goods and services	(1,156,535)	(881,433)
Cash payments to employees	(983,136)	(493,729)
	(1,277,080)	423,621
<b>CASH FLOWS FROM CAPITAL ACTIVITIES</b>		
Cash payments for the acquisition of fixed assets	(704)	(2,979)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of investments	-	37,577
Interest and dividend income	39,603	44,642
Realized and unrealized loss on investments	-	(2,153)
Net Cash from Investing Activities	39,603	80,066
Net Change in Cash	(1,238,181)	500,708
<b>CASH</b>		
Beginning of year	1,778,916	1,278,208
End of year	\$ 540,735	\$ 1,778,916
<b>RECONCILIATION OF (LOSS) GAIN FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES</b>		
(Loss) gain from operations	\$ (1,073,343)	\$ 288,516
Adjustments to reconcile (loss) gain from operations to net cash from operating activities		
Depreciation	4,439	4,369
Changes in operating assets and liabilities		
Accounts receivable	(3,766)	18,299
Prepaid expenses	(23,779)	52,810
Restricted cash	627,755	(687,982)
Accounts payable	(18,775)	60,538
Accrued expenses	78,144	31,061
Scholarship payable	-	(31,972)
Due to other governments	(240,000)	-
Due to other entities	(627,755)	687,982
Net Cash from Operating Activities	\$ (1,277,080)	\$ 423,621

See notes to financial statements

# Yonkers Industrial Development Agency

## Notes to Financial Statements

### 1. **Organization**

The Yonkers Industrial Development Agency (the "Agency") was created in 1982 as a public benefit corporation by the New York State Legislature under the provisions of Chapter 526 for the purpose of promoting and supporting the development of commerce, bolstering employment and stimulating economic growth and prosperity in the City of Yonkers, New York. The Agency is exempt from Federal, State and Local income taxes. The Agency although supported by the City of Yonkers (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. 14, 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 (FASB) guidance issued after November 30, 1989 in its accounting and reporting.

#### ***Cash and Cash Equivalents***

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

## Yonkers Industrial Development Agency

### Notes to Financial Statements

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

##### *Fair Value of Financial Instruments*

The Agency follows FASB guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

##### *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.

##### *Net Assets*

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

##### *Use of Estimates*

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

##### *Subsequent Events Evaluation by Management*

Management has evaluated subsequent events for disclosure and recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 22, 2010.

#### 3. Restricted Cash

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

## Yonkers Industrial Development Agency

### Notes to Financial Statements

#### 4. Economic Development Entities Projects

In accordance with an agreement dated November 1, 2002, between the Yonkers Baseball Development, Inc. and the Agency, the Yonkers Baseball Development, Inc. was advanced \$670,000 (See Note 10). This obligation has been assumed by Struever Fidelco Capelli, LLC 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 of Yonkers, YIDA and Struever Fidelco Capelli. At December 31, 2009 and 2008, \$670,000 has been advanced and is still outstanding and is included in accounts receivable. In the opinion of management the underlying property development rights are of significant value and that YIDA would be successful in getting another developer to pay an amount equivalent to this.

#### 5. Equipment

Equipment at December 31, 2009 and 2008 consisted of the following:

	<u>2009</u>	<u>2008</u>
Furniture and fixtures	\$ 21,889	\$ 21,185
Accumulated depreciation	<u>(12,593)</u>	<u>(8,154)</u>
	<u>\$ 9,296</u>	<u>\$ 13,031</u>

#### 6. Scholarships Payable

The Agency receives funds from private contributors for the establishment of a scholarship fund for Yonker's residents. The criteria for eligibility and award is determined by the Yonkers Public Schools. The amount available for scholarships was \$3,924 at December 31, 2009 and 2008.

#### 7. Pension Plan

The Agency participates in the New York State and Local Employee's Retirement System ("ERS"). This System is a cost-sharing multiple-employer defined benefit pension plan. The System provides retirement, disability and death benefits to plan members. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. The System is non-contributory except for employees who joined after July 27, 1976 and have less than ten years of service, who contribute 3% of their salary. Contribution rates are actuarially determined and based upon membership tier and plan.

## Yonkers Industrial Development Agency

### Notes to Financial Statements

#### 7. Pension Plan *(continued)*

Contributions consist of a life insurance portion and regular pension contributions. Contribution rates for the plan's year ending in March 2010 are as follows:

<u>Tier/Plan</u>	<u>Rate</u>
4 A15	6.9%

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

2009	\$ 35,498
2008	42,072
2007	25,535

#### 8. Operating Leases

The Agency is obligated under a non-cancelable operating lease for a vehicle with a lease term of 39 months. Lease expense included in operations under auto expense was \$5,840 and \$5,509 for the years ended December 31, 2009 and 2008. Minimum lease payments are payable as follows at December 31, 2009:

2010	\$ 5,760
2011	5,760
2012	<u>5,760</u>
	<u>\$ 17,280</u>

#### 9. Industrial Revenue Bond and Note Transactions

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

## Yonkers Industrial Development Agency

### Notes to Financial Statements

#### 10. Related Parties

##### *Yonkers Baseball Development Inc.*

The Agency was the sole shareholder of Yonkers Baseball Development, Inc. (YBDI), a for profit entity (originally formed as Yonkers Baseball, Inc.; a not for profit was formed during the same year as Yonkers Baseball Local Development Corporation (YBDC) but was never organized and was not ever active). The purpose of YBDI was to promote recreational activity to assist in the revitalization of downtown Yonkers in an area known as Chicken Island, Yonkers, New York, 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 the YIDA. On March 25, 2008, a request to dissolve YBDC was submitted to the NYS Attorney General. YBDI was dissolved by proclamation on January 27, 2010 for failure to file franchise tax returns.

##### *Yonkers Economic Development Corporation*

The entity 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. Yonkers Economic Development Corporation's (YEDC) 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 not-for-profit corporation. In addition, the debt issuances of YEDC will not be liabilities of the State of New York, the City of Yonkers or YIDA. YEDC held its first meeting in November 2009 and is comprised of four of the seven YIDA board members. The YIDA staff provides all administrative support for YEDC.

#### 11. Contingencies

In 1979, the City entered into a Consent Order with the New York State Department of Environmental Conservation (NYSDEC) to remediate the Austin Avenue landfill site located in the City of Yonkers. The cost of capping this site was initially estimated to be approximately \$4.5 million. More recent estimates approximate \$3.0 million plus soft costs. In December 2004, the City Council approved a plan that would allow the Agency, through the NYSDEC's Brownfield Remediation and Empire Zone Program, to issue bonds to pay for the remediation of the landfill site. The Agency bonds would be repaid from the annual proceeds of a new supplemental payment in lieu of tax (PILOT) agreement from a local developer, who owns the property adjacent to the landfill site. The City Council has waived

the City's right to the receipt of the supplemental PILOT payments in order to pledge those receipts to the repayment of the Agency bonds and/or to use the proceeds directly for

## Yonkers Industrial Development Agency

### Notes to Financial Statements

#### 11. Contingencies (*continued*)

remediation. The City Council further agreed that, based on the City's obligation under the Consent Order, the City will pay any shortfalls in debt service payments on the Agency bonds or costs of environmental remediation in excess of amounts available from the Agency bonds. Counsel has indicated that project costs should remain within the Agency bond authorization limits. Once the project is completed, it is not currently anticipated that this site will require ongoing monitoring operations.

The State of New York has denied further use of Empire Zone benefits by the adjoining property owner ("Morris Company") which entity has made payments under the supplemental PILOT. As of December 31, 2009 and 2008 there was \$2,308,500 and \$2,936,255 in the remediation account with current estimates of remediation costs exceeding this amount. The Morris Company has served a notice of claim on the City and Agency in an effort to influence how the limited remediation funds are spent.

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

On or about February 4, 2010, the NYS Division of Budget sent letters ("DOB letter") to all IDAs in NYS assessing IDAs with their share of the new tax that was added in the 2009-10 budget (see "cost recovery" provisions of Public Authorities Law § 2975-a). This tax was added without the benefit of hearings or debate and first became known weeks after the 2009-10 State Budget was signed on April 7, 2009. Until the recent DOB letter it was unclear as to how this tax would be applied. DOB made the decision to apply the 2009-10 state fiscal year tax against 2008 calendar year revenues (approximately 4.727% of Total Revenues) as reported under PARIS to the ABO by the respective IDAs. To assess a new tax on IDAs based on lagging year revenue data is arbitrary. The DOB letter asks for payment of this tax of \$86,171 by March 31, 2010. Counsel is reviewing the consequences of not paying this tax. The IDA has joined with other IDAs to support legislation that would eliminate this tax (S. 6962 Valesky/A 10228 Schimminger) and is advised by the sponsors of these bills that efforts are under way to pass these bills into law by June 2010. The IDA has also joined with NYSEDC to participate in the Economic Development Defense Fund, which is a collection of IDAs statewide who have agreed to fund and or be a Petitioner in a lawsuit challenging this tax. The YIDA is a Petitioner in this lawsuit. Between the legislative efforts and the lawsuit, the YIDA feels that the tax is likely to be rescinded and not paid.

## **Yonkers Industrial Development Agency**

### Notes to Financial Statements

#### **12. Due to Other Governments**

In an effort to resolve pending disputes concerning rent payment owed by the County IDA to the City concerning the Austin Avenue project, and PILOT payments retained by the Agency and claimed by the County, the City Finance officer provided the County with a letter indicating an intent to pay amounts over to the County. The payments to be made to the County related to multiple PILOTs however, the majority of the amounts related to PILOT payments for the Austin Avenue project. The City Finance officer's letter contemplated an initial payment of \$921,608 with additional amounts equal to \$250,000 on July 1<sup>st</sup> of each year, beginning in 2008 and continuing for a period of five years through 2012. The initial payment was made timely but the first annual payment of \$240,000 due on July 1, 2008, was not paid until March 2009 when the County IDA paid the City a portion of the rent. The July 2009 payment was delayed pending resolution of the disputed rent payment due from the County IDA to the City under the Five-Party Agreement for the period covering October 1999 to August 2006. This arrangement allowed the parties to attempt to resolve the rent and PILOT dispute amicably without jeopardizing the Agency's claim that it has the legal right to retain the PILOT payments. The Agency has been advised by counsel since 1997 that it has the right to retain the PILOT amounts paid with respect to the Austin Avenue project and reserve the right to continue to retain said amounts at this time.

#### **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 purchases general liability insurance coverage for the 470 Nepperhan Avenue office space, with a policy limit of \$1 million per occurrence or \$2 million in the aggregate.

#### **14. Workforce Investment Board**

The YIDA is established to advance the job opportunities, health, general prosperity and economic welfare and standard of living of the inhabitants of the City of Yonkers. To further its objectives of economic development the board approved and established a relationship with Workforce Investment Board (WIB) in May 2009. Its Chairman, as Mayor of the City of Yonkers, 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 of the other YIDA employees to the extent that such benefits are reimbursable to YIDA.

**Yonkers Industrial Development Agency**

Supplementary Information

December 31, 2009 and 2008

**Yonkers Industrial Development Agency**

Schedule of Industrial Revenue Bonds and Notes Issued  
December 31, 2009

Project	Date of Issue	Original Issue Value	Outstanding Balance at January 1, 2009	New Issues	Payments	Outstanding Balance at December 31, 2009
Consumer Union	December 2005	\$ 47,300,000	\$ 47,300,000	\$ -	\$ -	\$ 47,300,000
St. Joseph's Medical Center	March 1998	28,500,000	16,900,000	-	1,500,000	15,400,000
St. Joseph's Medical Center	March 1993	4,715,000	1,965,000	-	330,000	1,635,000
Westchester School for Special Children	November 1993	4,055,000	3,110,000	-	110,000	3,000,000
Hudson Scenic Studios, Inc.	June 1999	6,360,000	4,415,000	-	285,000	4,130,000
Michael Malotz Skilled Nursing Pavilion	June 1999	15,000,000	12,535,000	-	410,000	12,125,000
Philipsburgh Hall Associates, L.P.	December 1999	2,800,000	1,590,000	-	30,000	1,560,000
St. John's Riverside	February 2001	26,295,000	23,855,000	-	450,000	23,405,000
Sarah Lawrence College, Series A	June 2001	42,950,000	41,100,000	-	41,100,000	-
Sarah Lawrence College, Series B	June 2001	8,900,000	4,950,000	-	4,950,000	-
Greyston Bakery	December 2001	3,125,000	2,440,000	-	135,000	2,305,000
Monastery Manor Association, L.P.	September 2005	9,500,000	9,345,000	-	160,000	9,185,000
Sacred Heart A	September 2006	7,600,000	7,475,000	-	305,000	7,170,000
Sacred Heart B	September 2006	1,900,000	1,580,000	-	-	1,580,000
Center of Family Svcs T/E	January 2008	1,190,000	1,185,000	-	95,000	1,090,000
11-23 Saint Casmir Ave, L.P	December 2000	9,695,000	9,125,000	-	55,000	9,070,000
Jefferson Terrace- 2006 A	December 2006	3,600,000	3,585,084	-	21,496	3,563,588
Whitney Young- 2006 A	December 2006	2,645,000	1,975,000	-	390,000	1,585,000
Whitney Young- 2006 B	December 2006	17,155,000	15,200,000	-	215,000	14,985,000
Riverview II -2007	December 2007	28,596,156	28,163,319	-	536,160	27,627,159
JME Associates	May 2006	8,160,000	7,615,000	-	235,000	7,380,000
Salgra Realty	May 2006	3,840,000	3,585,000	-	115,000	3,470,000
Herriot Street Housing L.P. Project	March 2004	16,400,000	14,785,000	-	440,000	14,345,000
Main Street Lofts	December 2005	44,600,000	44,600,000	-	-	44,600,000
Sarah Lawrence College, Series A	December 2009	-	-	43,500,000	-	43,500,000
Sarah Lawrence College, Series B	December 2009	-	-	1,950,000	-	1,950,000
<b>Total Indebtedness</b>		<u>\$ 344,881,156</u>	<u>\$ 308,378,403</u>	<u>\$ 45,450,000</u>	<u>\$ 51,867,656</u>	<u>\$ 301,960,747</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**

**Board of Directors  
Yonkers Industrial Development Agency**

We have audited the financial statements of Yonkers Industrial Development Agency (“the Agency”) as of and for the year ended December 31, 2009, and have issued our report thereon dated March 22, 2010. 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 of America.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the Agency’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency’s internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity’s financial statements that is more than inconsequential will not be prevented or detected by the Agency’s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency’s internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

*Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatements, 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*.

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

*O'Connor Davies Murino & Dobbins, LLP*

White Plains, New York  
March 22, 2010