

**CITY OF YONKERS PARKING AUTHORITY AND  
GOVERNMENT CENTER GARAGE  
COMBINED FINANCIAL STATEMENTS  
WITH COMBINING SUPPLEMENTARY INFORMATION  
YEARS ENDED DECEMBER 31, 2007 AND 2006**

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying combined statements of net assets of the City of Yonkers Parking Authority and Government Center Garage ("Authority") as of December 31, 2007 and 2006, and the related combined statements of revenues, expenses and changes in net assets and cash flows for the years then ended. These combined financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined 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 Authority'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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Authority as of December 31, 2007 and 2006, and the changes in its combined net assets and combined cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplementary information on pages 12 through 15 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 in the audit of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

**The Government Services Division of  
O'Connor Davies Munns & Dobbins, LLP**  
March 25, 2008

# CITY OF YONKERS PARKING AUTHORITY AND GOVERNMENT CENTER GARAGE

## NOTES TO COMBINED FINANCIAL STATEMENTS

### Note 1 - Summary of Significant Accounting Policies

#### **Organization**

The City of Yonkers Parking Authority (the "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 (the "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 (the "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.

#### **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. The Authority applies all applicable Financial Accounting Standards Board ("FASB") pronouncements in accounting and reporting for its operations.

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 and the Garage. These entities are under common control. All significant intercompany accounts and transactions have been eliminated in combination.

#### **Budgetary Data**

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

# CITY OF YONKERS PARKING AUTHORITY AND GOVERNMENT CENTER GARAGE

## NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)

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

#### 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. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets as follows:

Office equipment	7 years
Automobiles and trucks	5 years
Parking meters and lot equipment	10 years
Parking lot and garage improvements	40 years

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.

### Note 2 - Cash, Cash 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 undercollateralized by \$67,541 and therefore, exposed to custodial credit risk at December 31, 2007.

All investments are consist principally of certificates of deposit with original maturities of greater than three months, and are stated at cost, which approximates fair value.

**CITY OF YONKERS PARKING AUTHORITY AND GOVERNMENT CENTER GARAGE**

**NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)**

**Note 3 - Capital Assets**

Major classifications of capital assets at December 31, 2007 and 2006 are as follows:

	Balance January 1, 2007	Additions	Balance December 31, 2007
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Capital Assets, not being depreciated -			
Land	\$ 239,232	\$ -	\$ 239,232
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Capital Assets, being depreciated:			
Office equipment	\$ 252,732	\$ 45,741	\$ 298,473
Automobiles and trucks	915,948	-	915,948
Parking meters and lot equipment	1,766,430	50,354	1,816,784
Parking lot and garage improvements	5,514,189	53,779	5,567,968
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Capital Assets, being depreciated	<u>8,449,299</u>	<u>149,874</u>	<u>8,599,173</u>
Less Accumulated Depreciation for:			
Office equipment	174,009	24,591	198,600
Automobiles and trucks	826,433	21,770	848,203
Parking meters and lot equipment	1,473,506	76,991	1,550,497
Parking lot and garage improvements	1,395,063	139,600	1,534,663
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Accumulated Depreciation	<u>3,869,011</u>	<u>262,952</u>	<u>4,131,963</u>
Total Capital Assets, being depreciated, net	<u>\$ 4,580,288</u>	<u>\$ (113,078)</u>	<u>\$ 4,467,210</u>
Capital Assets, net	<u>\$ 4,819,520</u>	<u>\$ (113,078)</u>	<u>\$ 4,706,442</u>

**CITY OF YONKERS PARKING AUTHORITY AND GOVERNMENT CENTER GARAGE**

**NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)**

	Balance January 1, 2006	Additions	Balance December 31, 2006
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Capital Assets, not being depreciated -			
Land	\$ 239,232	\$ -	\$ 239,232
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Capital Assets, being depreciated:			
Office equipment	\$ 215,747	\$ 36,985	\$ 252,732
Automobiles and trucks	871,547	44,401	915,948
Parking meters and lot equipment	1,650,785	115,645	1,766,430
Parking lot and garage improvements	5,505,989	8,200	5,514,189
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Capital Assets, being depreciated	<u>8,244,068</u>	<u>205,231</u>	<u>8,449,299</u>
Less Accumulated Depreciation for:			
Office equipment	153,246	20,763	174,009
Automobiles and trucks	758,974	67,459	826,433
Parking meters and lot equipment	1,375,493	98,013	1,473,506
Parking lot and garage improvements	1,259,514	135,549	1,395,063
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Accumulated Depreciation	<u>3,547,227</u>	<u>321,784</u>	<u>3,869,011</u>
Total Capital Assets, being depreciated, net	<u>\$ 4,696,841</u>	<u>\$ (116,553)</u>	<u>\$ 4,580,288</u>
Capital Assets, net	<u>\$ 4,936,073</u>	<u>\$ (116,553)</u>	<u>\$ 4,819,520</u>

Depreciation expense for the years ended December 31, 2007 and 2006 was \$262,952 and \$321,784 respectively.

**Note 4 - Permits of Use**

On December 14, 1964, the Authority entered into an agreement with the City whereby permits of use on all existing parking facilities used for off-street metered parking, previously operated by the City, were granted to the Authority. The Authority also agreed to assume, as of January 1, 1965, obligations of the City for bonds and notes previously issued for the acquisition of the parking facilities and for the purchase of on-street meters, together with the interest thereon. These obligations were fully paid in 1997.

**CITY OF YONKERS PARKING AUTHORITY AND GOVERNMENT CENTER GARAGE**

**NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)**

**Note 4 - Permits of Use (Continued)**

In accordance with an agreement between the City and the Authority dated December 14, 1964, permits of use for City owned facilities shall remain in effect as long as the Authority remains in existence. All but a relatively small number of parking spaces are on City-owned property. Leases or permits of use for parking facilities not owned by the City may be subject to earlier termination and renewal clauses.

**Note 5 - Deferred Bond Fees**

The Authority incurred fees in relation to the issuance of revenue bonds. These amounts have been capitalized and are being amortized over the life of the bonds. Amortization expense for each of the years ended December 31, 2007 and 2006 totaled \$3,142 and \$3,922, respectively.

**Note 6 - 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 4.3%-6.0%. The 1999 bonds were sold at a discount of \$19,145 which is being amortized over 25 years. Amortization expense for each of the years ended December 31, 2007 and 2006 totaled \$765. 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 not met in 2007 and 2006.

The aggregate annual maturities of revenue bonds outstanding at December 31, 2007 are as follows:

2008	\$	90,000
2009		95,000
2010		100,000
2011		115,000
2012		120,000
2013 and thereafter		<u>2,050,000</u>
		2,570,000
Less unamortized original issue discount		<u>(13,019)</u>
	\$	<u><u>2,556,981</u></u>

**Note 7 - Deferred Revenues**

Deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The Authority has reported deferred revenues of \$139,256 and \$165,983 for permit fees received in advance for the years ended December 31, 2007 and 2006, respectively. The Authority amortizes such deferred amounts into income as the permit fees are earned.

**CITY OF YONKERS PARKING AUTHORITY AND GOVERNMENT CENTER GARAGE**

**NOTES TO COMBINED FINANCIAL STATEMENTS (Continued)**

**Note 8 - Liabilities**

**Pension Plans**

The Authority participates in the New York State and Local Employees' Retirement System (the "System"). 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. That report may be obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, New York 12224.

Funding Policy - The System is non-contributory except for employees who joined the System after July 27, 1976 and have less than ten years of service, who contribute 3% of their salary. 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 (GTLI) and a regular pension contribution. Plan contributions for 2007, 2006, and 2005 were \$275,025, \$242,232 and \$231,052 respectively. Contribution rates for the plans year ending March 31, 2008 and 2007 were as follows:

	<u>Tier</u>	<u>Rate</u>
<u>2007</u>	2	11.1%
	3	8.9
	4	8.9
<u>2006</u>	2	12.2
	3	9.8
	4	9.8

**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, 2007 and 2006 was \$140,192 and \$158,638, respectively. These amounts are included in accrued expenses and taxes of the Authority.

**Post Retirement Benefits**

In addition to providing pension benefits, the Authority provides certain health care benefits for its retired employees. 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 cost of retiree health benefits is recognized as an expense as claims are paid. The Authority paid \$28,343 and \$32,634 for medical insurance for 4 retirees in 2007 and 2006, respectively.

# CITY OF YONKERS PARKING AUTHORITY AND GOVERNMENT CENTER GARAGE

## NOTES TO COMBINED FINANCIAL STATEMENTS (Concluded)

### **Note 9 - Commitments and Contingencies**

#### **Leases and Permit of Use from New York State**

The Authority leases one parking lot on a month-to-month basis at \$1,492 per month. Rent expense for the years ended December 31, 2007 and 2006 amounted to \$17,900 and \$16,500, respectively.

#### **Cash Restrictions**

Cash restrictions for the years ended December 31, 2007 and 2006 was \$413,615 and \$395,778. Upon issuance of the revenue bonds, the indentures required a restricted cash balance of \$238,784 in 2007 and \$243,340 in 2006, 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 assets.

#### **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 insurance coverages to reduce its exposure to loss. It maintains a general liability policy with coverage up to \$2 million, umbrella liability insurance coverage with policy limits of \$5 million and public officials liability insurance of \$1 million. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

The Yonkers Parking Authority is reimbursed for each month deficits for charges for services and other miscellaneous expenses for the operations of the Buena Vista Garage. The balance of the deficit is provided by a contribution from the City. For the year ended December 31, 2007 and 2006, the City has contributed \$271,409 and 278,031, respectively.