

Harrison Parking Authority
(A Component Unit of the
Town/Village of Harrison, New York)

Financial Statements

Year Ended December 31, 2019

Harrison Parking Authority

(A Component Unit of the Town/Village of Harrison, New York)

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Independent Auditors' Report

**The Board of Directors of the
Harrison Parking Authority, (A Component Unit of the Town/Village of Harrison, New York)**

Report on the Financial Statements

We have audited the accompanying financial statements of the Harrison Parking Authority ("Authority"), (a component unit of the Town/Village of Harrison, New York), which comprise the statement of net position as of December 31, 2019, and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 opinion.

Opinion

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, 2019, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis, that accounting principles generally accepted in the United States of America requires to be presented to supplement the financial statements. Such missing information, although not part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2020 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 effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

March 16, 2020

Harrison Parking Authority

(A Component Unit of the Town/Village of Harrison, New York)

Statement of Net Position

December 31, 2019

ASSETS

Cash and equivalents	\$ 35,045
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LIABILITIES

Accounts payable	2,500
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Non-current liabilities

Due within one year	62,997
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Due in more than one year	429,859
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Total Liabilities	495,356
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NET POSITION

Unrestricted	\$ (460,311)
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See notes financial statements.

Harrison Parking Authority

(A Component Unit of the Town/Village of Harrison, New York)

Statement of Activities

Year Ended December 31, 2019

OPERATING REVENUES

Parking permits	\$ 84,675
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OPERATING EXPENSES

Professional fees	<u>2,500</u>
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Income from Operations	<u>82,175</u>
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NONOPERATING REVENUES (EXPENSES)

Interest income	157
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Interest expense	<u>(20,458)</u>
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Total Nonoperating Expenses	<u>(20,301)</u>
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Change in Net Position	61,874
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NET POSITION

Beginning	<u>(522,185)</u>
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Ending	<u><u>\$ (460,311)</u></u>
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See notes to financial statements.

Harrison Parking Authority

(A Component Unit of the Town/Village of Harrison, New York)

Statement of Cash Flows

Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from parking permits	\$ 63,750
Cash payments for goods and services	<u>(2,500)</u>

Net Cash from Operating Activities	<u>61,250</u>
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Repayment of loans payable	(60,773)
Interest paid	<u>(20,458)</u>

Net Cash from Capital and Related Financing Activities	<u>(81,231)</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	<u>157</u>
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Net Change in Cash and Equivalents	(19,824)
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CASH AND EQUIVALENTS

Beginning of Year	<u>54,869</u>
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End of Year	<u><u>\$ 35,045</u></u>
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**RECONCILIATION OF INCOME FROM OPERATIONS TO
NET CASH FROM OPERATING ACTIVITIES**

Income from operations	\$ 82,175
Adjustment to reconcile income from operations to net cash from operating activities	
Changes in operating assets and liabilities	
Unearned revenue	<u>(20,925)</u>

Net Cash from Operating Activities	<u><u>\$ 61,250</u></u>
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See notes to financial statements.

Harrison Parking Authority

(A Component Unit of the Town/Village of Harrison, New York)

Notes to Financial Statements
Year Ended December 31, 2019

Note 1 - Organization and Purpose

The Harrison Parking Authority ("Authority") was formed in 2004, for the purpose of constructing, operating and maintaining a parking structure in the Town/Village of Harrison, New York ("Town/Village"). In 2017, the Authority has determined that the construction of a parking structure would not be needed. As such, all costs previously capitalized have been expensed. However, the Authority now receives annual permit fees which will be used to pay down the loan payable to the primary government, the Town/Village. The Authority is a public benefit corporation organized under the Laws of the State of New York. Members of the Authority are appointed by the Mayor for a specified term. These members are also members of the Town/Village Board. While the Town/Village will provide the accounting services, Authority members have complete responsibility of the Authority and accountability for fiscal matters. Presently, the Town/Village is not liable for Authority debt. All operating revenues in excess of the Authority's cost of operations are retained by the Authority.

Note 2 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Authority has been identified as a component unit of the Town/Village, in accordance with the criteria set forth by the Government Accounting Standards Board ("GASB") Statement No. 61 *"The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34"*, the Authority's financial statements have been discretely presented in the Town/Village's financial statements.

Basis of Accounting

The accounting policies of the Authority 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 Authority 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 Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operation. The principal operating revenue of the Authority is parking permits. Operating expenses include contractual costs and professional fees. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

Cash and Equivalents, Investments and Risk Disclosure

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

The Authority's deposits and investment policies are governed by State statutes. The Authority has not adopted its own written investment policy, however they informally follow the Town/Village policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The Authority is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Harrison Parking Authority

(A Component Unit of the Town/Village of Harrison, New York)

Notes to Financial Statements (Continued)

Year Ended December 31, 2019

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

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

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

Risk Disclosure

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

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. GASB Statement No. 40, "*Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3*", directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the 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, 2019.

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

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

Harrison Parking Authority

(A Component Unit of the Town/Village of Harrison, New York)

Notes to Financial Statements (Continued)

Year Ended December 31, 2019

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

The Authority charges an annual fee for the issuance of parking permits. All fees are collected and recognized as revenue when realized.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use. Net position on the statement of net position is classified as unrestricted.

Use of Estimates

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

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements, were available to be issued, which date is March 16, 2020.

Note 3 - Long-Term Liabilities

The following table summarizes changes in the Authority's long-term indebtedness for the year ended December 31, 2019:

	Balance January 1, 2019	Maturities and/or Payments	Balance December 31, 2019	Due Within One Year
Loans Payable -				
Due to Primary Government	<u>\$ 553,629</u>	<u>\$ 60,773</u>	<u>\$ 492,856</u>	<u>\$ 62,997</u>

Loans Payable - Due To Primary Government

The due to primary government as of December 31, 2019 represents amounts advanced in 2006, 2007, 2008 and 2017 to the Authority totaling \$668,953. The agreement provides for an annual payment of \$81,232, beginning in 2017. Interest on the \$608,953 loan is payable at 4% and interest on the \$60,000 loan is payable at .5%.

Harrison Parking Authority

(A Component Unit of the Town/Village of Harrison, New York)

Notes to Financial Statements (Concluded)
Year Ended December 31, 2019

Note 3 - Long-Term Liabilities (Continued)

The aggregate annual maturities of the loan outstanding at December 31, 2019 are as follows:

	<u>Principal</u>	<u>Interest</u>
2020	\$ 62,997	\$ 18,235
2021	65,309	15,923
2022	67,712	13,520
2023	70,210	11,022
2024	72,807	8,425
2025 - 2026	<u>153,821</u>	<u>8,641</u>
	<u>\$ 492,856</u>	<u>\$ 75,766</u>

Note 4 - Pension Plan and Other Post Employment Benefit Obligations

The Authority does not have any paid employees and, therefore does not participate in a pension plan and does not provide health care benefits for retired employees.

Note 5 - Summary Disclosure of Significant Contingencies**Litigation**

From time to time, and in the ordinary course of business, the Authority may be subject to various claims, charges and litigation. At December 31, 2019, the Authority did not have any pending claims, charges or litigation that it expects would have a material adverse effect on its financial position, activities, or cash flows.

**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
Harrison Parking Authority**

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 Harrison Parking Authority ("Authority"), (A Component Unit of the Town/Village of Harrison, New York) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's financial statements, and have issued our report thereon dated March 16, 2020.

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 16, 2020