

# **Town of Ramapo Local Development Corporation**

(A Component Unit of the  
Town of Ramapo, New York)

Financial Statements  
and Supplementary Information  
Year Ended December 31, 2013

## **Independent Auditors' Report**

**The Board of Directors of the  
Town of Ramapo Local Development Corporation  
(a component unit of the Town of Ramapo, New York)**

### **Report on the Financial Statements**

We have audited the accompanying statement of net position of the Town of Ramapo Local Development Corporation ("the Corporation") as of and for the year ended December 31, 2013, and the related statements of activities and cash flows and the notes to the financial statements, which collectively comprise the Corporation'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 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

O'CONNOR DAVIES, LLP

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## **Opinion**

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

## **Emphasis of a Matter**

As more fully explained in Note 8 in the notes to financial statements, the Corporation is involved in a Federal Bureau of Investigation matter, which commenced May 15, 2013. To date no charges have been announced.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2014 on our consideration of the Corporation'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 Corporation's internal control over financial reporting and compliance.

## **Report on Other Legal and Regulatory Requirements**

We have also issued our report dated March 28, 2014 on our consideration of the Corporation's compliance with Section 2925(3)(1) of the New York State Public Authorities Law ("Law"). The purpose of that report is to describe the scope and results of our tests of compliance with the Law.



O'Connor Davies, LLP  
Harrison, New York  
March 28, 2014

## Ramapo Local Development Corporation

Management's Discussion and Analysis (MD&A)  
Year Ended December 31, 2013

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The following Management's Discussion and Analysis (MD&A) of the Ramapo Local Development Corporation (RLDC) (the Agency) activities and financial performance is provided as an introduction and overview of the financial statements of RLDC for the fiscal year ended December 31, 2013. Following this MD&A are the annual financial statements of RLDC together with the notes. This MD&A should be read in conjunction with the financial statements, to enhance understanding of the RLDC's performance. This MD&A highlights certain supplementary information to assist with the understanding of the RLDC's financial operations.

### OPERATIONS

The Ramapo Local Development Corporation was formed pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York and is a component unit of the Town of Ramapo, New York.

The RLDC's mission and objectives include lessening the burdens of government by undertaking and promoting urban redevelopment initiatives in the Town of Ramapo, New York that will include real estate acquisition, development and management, and other community-based economic development activities permissible under the Not-For-Profit Corporation Law.

The RLDC was created to assist the Town of Ramapo, New York in the development of affordable housing; to foster the creation, retention and expansion of jobs and economic opportunities for the benefit of the local economy; and to promote smart growth and green development within the Town.

### FINANCIAL OPERATIONS HIGHLIGHTS

A condensed summary of revenues, expenses, and changes in net assets are summarized below. Refer to the RLDC's financial statements for the complete Statement of Activities.

Operating Revenues	<u>\$ 2,742,689</u>
Operating Expense	3,369,664
Non-Operating Expense, Net	<u>899,773</u>
Total Expenses	<u>4,269,437</u>
Change in Net Position	<u>\$ (1,526,748)</u>

As of December 31, 2013, total assets reported by the RLDC were \$59,907,713, total deferred outflows of resources were \$775,139 and total liabilities were \$42,973,232. Net position, which represents the equity of the RLDC, was \$17,709,620.

## **Overview of the Financial Statements**

The financial statements of the RLDC have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (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 RLDC 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 RLDC's assets, deferred outflows and liabilities, with the difference 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 RLDC is improving or deteriorating.

The *Statement of Activities* presents information showing the change in the RLDC'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.

The *Statement of Cash Flows* provides information on the major sources and uses of cash during the year. The cash flow statement portrays net cash from operating and capital related financing activities.

### **Statement of Net Position**

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

	December 31, 2013
Current Assets	\$ 453,488
Capital Assets, Net	44,116,422
Real estate held for resale	15,337,803
Total Assets	<u>59,907,713</u>
Deferred amounts on refunding bonds	<u>775,139</u>
Current Liabilities	4,578,151
Non-Current Liabilities	<u>38,395,081</u>
Total Liabilities	<u>42,973,232</u>
Net Position	<u><u>\$ 17,709,620</u></u>

### ***Current Assets***

Current assets as of December 31, 2013 are composed of cash and equivalents totaling \$146,425 and accounts receivables of \$307,063. The remaining \$59,454,225 in assets consists primarily of real estate held for sale and capital assets.

### ***Deferred Outflows of Resources***

Deferred outflows of resources consists of \$775,139 related to a refunding bond in 2013.

### ***Current Liabilities***

Currently liabilities consist mainly of accounts payable, accrued interest payable, a line of credit and due to primary government, totaling \$4,578,151.

### ***Non-Current Liabilities***

There are primarily two components of non-current liabilities. There are loans payable totaling \$10,987,323. There is also bonds payable outstanding in the amount of \$27,407,758, with \$435,000 of this balance due within one year.

## **NEW OPERATIONS**

The Ramapo Local Development Corporation continues to work in tandem with the Town of Ramapo, New York in an ongoing effort to spur economic development, expand job creation, and develop affordable housing.

The RLDC spearheaded an innovative initiative to construct a new affordable workforce housing development on an 8-acre site on Elm Street in the Village of Spring Valley. There is a dire need to construct quality residential units in the Town of Ramapo that will enable families with limited income to achieve the dream of home ownership. The project, which is known as Ramapo Commons, is benefitting families who otherwise might not be able to afford to purchase a home in Ramapo.

Presently, Phase I and II which consists of eight buildings (a total of 48 condominium units each) has been constructed as part of the 3-phase plan. When the project is completed, there will be a total of 132 housing units in 11 buildings.

In an effort to promote smart growth and green development, and to maintain a significant amount of open space throughout the Town of Ramapo, approximately 40% of the Ramapo Commons site is remaining undeveloped green space. The site will include state-of-the-art recreational areas for children and will have extensive landscaping.

In addition, the RLDC built Provident Bank Park, a recreational facility in the Town of Ramapo that has the ability to be a boom to the local economy. The new state-of-the-art stadium provides a wonderful opportunity for affordable and fun entertainment for families and houses, the Rockland Boulders, which is an independent team in the Can-Am league. Provident Bank Park is utilized for professional, college and high-school baseball games, concerts, charity events, coaching clinics, and other special events.

Bottom 9 Baseball, LLC, the ownership group associated with the Rockland Boulders, has a proven track record of success, and has fully committed itself to making this a successful venture that will not only rival other independent teams throughout the greater tri-state area, but surpass them on every front.

It is anticipated that the ownership group will end up investing a significant amount of money into the local economy over the next several years. This investment will be an infusion of local dollars that will stream into the Town of Ramapo and Rockland County.

The RLDC worked diligently with Bottom 9 Baseball, LLC to ensure that the Ramapo Local Development Corporation and the Town of Ramapo will receive more than its fair share, including revenue from the naming rights to the stadium, revenue from concessions, revenue from ticket sales, revenue from parking fees, revenue from base rent, and revenue from merchandise sales. The Town of Ramapo will get a great economic boost from this new ballpark.

### **CONTACTING THE RLDC'S FINANCIAL MANAGEMENT**

This report is intended to provide a broad overview of the RLDC's finances to its citizens and other stakeholders. If you desire additional information or have suggestions for improving this report, please contact:

Aaron Troodler  
Executive Director  
Ramapo Local Development Corporation  
2 Provident Bank Park Drive  
Pomona, New York 10970

**Town of Ramapo Local Development Corporation**  
**(A Component Unit of the Town of Ramapo, New York)**

Statement of Net Position  
December 31, 2013

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**ASSETS**

Current Assets	
Cash and equivalents	\$ 146,425
Accounts receivable	307,063
Total Current Assets	<u>453,488</u>
Non-Current Assets	
Capital assets	
Land	8,338,047
Building	38,168,157
Less accumulated depreciation	<u>(2,389,782)</u>
Total Capital Assets (net of accumulated depreciation)	44,116,422
Real estate held for sale	<u>15,337,803</u>
Total Non-Current Assets	<u>59,454,225</u>
Total Assets	<u>59,907,713</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred amounts on refunding bonds	<u>775,139</u>
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**LIABILITIES**

Current liabilities	
Accounts payable	700,981
Accrued interest payable	327,170
Due to primary government	3,080,000
Line of credit	<u>470,000</u>
Total Current Liabilities	<u>4,578,151</u>
Non-current liabilities	
Due within one year	
Loans payable	6,012,283
Bonds payable	435,000
Due in more than one year	
Loans payable	4,975,040
Bonds payable	<u>26,972,758</u>
Total Non-Current Liabilities	<u>38,395,081</u>
Total Liabilities	<u>42,973,232</u>

**NET POSITION**

Net investment in capital assets	12,422,772
Unrestricted	<u>5,286,848</u>
Total Net Position	<u>\$ 17,709,620</u>

The notes to the financial statements are an integral part of this statement.

**Town of Ramapo Local Development Corporation**  
**(A Component Unit of the Town of Ramapo, New York)**

Statement of Activities  
Year Ended December 31, 2013

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**OPERATING REVENUES**

Sale of real estate	\$	1,440,150
Ticket sales		275,671
Concessions		31,632
Parking		30,672
Broadcasting		9,298
Concerts and events		524,203
Naming rights		123,369
Rental income		<u>307,694</u>

Total Operating Revenues 2,742,689

**OPERATING EXPENSES**

General and administrative		6,074
Legal		562,044
Salaries		156,286
Employee benefits		11,411
Advertising and promotion		660,503
Security		18,411
Professional fees		31,380
Utilities		201,047
Insurance		206,997
Repairs and maintenance		30,264
Other		50,566
Cost of issuance		448,597
Depreciation and amortization		<u>986,084</u>

Total Operating Expenses 3,369,664

Operating Loss (626,975)

**NON-OPERATING EXPENSES**

Interest expense		<u>(899,773)</u>
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Change in Net Position (1,526,748)

**NET POSITION**

Beginning of Year, as restated 19,236,368

End of Year \$ 17,709,620

The notes to the financial statements are an integral part of this statement.

**Town of Ramapo Local Development Corporation**  
**(A Component Unit of the Town of Ramapo, New York)**

Statement of Cash Flows  
Year Ended December 31, 2013

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash receipts from stadium operations	\$ 1,245,476
Cash receipts from real estate sales	8,200,150
Cash paid for real estate held for sale	(3,000,250)
Cash paid to employees	(167,697)
Cash paid for issuance costs	(448,597)
Cash paid for other expenses	<u>(1,591,215)</u>
Net Cash from Operating Activities	<u>4,237,867</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Acquisition of capital assets	(78,566)
Interest paid on bonds	(898,490)
Net proceeds from refunding bonds	3,582,499
Proceeds from loans	2,978,671
Payments on loans	<u>(9,798,252)</u>

Net Cash from Capital and Related Financing Activities	<u>(4,214,138)</u>
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Net Change in Cash and Equivalents	23,729
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Cash and Equivalents - Beginning of Year	<u>122,696</u>
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Cash and Equivalents - End of Year	<u><u>\$ 146,425</u></u>
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**RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES**

Operating loss	\$ (626,975)
Adjustments to reconcile operating loss to net cash from operating activities	
Depreciation and amortization	986,084
Changes in operating assets and liabilities:	
Accounts receivable	(57,063)
Real estate held for sale	3,759,750
Accounts payable	<u>176,071</u>

Net Cash from Operating Activities	<u><u>\$ 4,237,867</u></u>
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**Non-cash Financing Activities**

Proceeds from refunding bonds	23,911,250
Payment to escrow for refunded bonds	(23,911,250)
Amortization of bond issuance premium	(85,991)

The notes to the financial statements are an integral part of this statement.

**Town Of Ramapo Local Development Corporation  
(A Component Unit of the Town of Ramapo, New York)**

Notes to Financial Statements  
December 31, 2013

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**Note 1 - Organization and Purpose**

The Ramapo Local Development Corporation ("Corporation") was formed in 2008 by the New York State Legislature under the provisions of Section 1411 of the Not-for-Profit Corporation Law for the purpose of fostering the creation, retention and expansion of jobs and economic opportunities in the Town of Ramapo, New York ("Town"). Additionally, the Corporation will construct, acquire, rehabilitate and improve for use by others, facilities in the Town. The Corporation is exempt from Federal, State and local income taxes. The Corporation, although established by the State, is a separate entity and operates independently of the Town. The governing board consists of three members appointed by the Town's Board. Presently, the Town guarantees and is liable for Corporation debt.

**Note 2 - Summary of Significant Accounting Policies**

**Financial Reporting Entity**

The Corporation has been identified as a component unit of the Town. In accordance with the criteria enumerated in Governmental Accounting Standards Board ("GASB") Statement No. 14, the Corporation's financial statements have been discretely presented in the Town's financial statements. These criteria include assessment of legal standing, fiscal dependency and financial accountability.

**Basis of Accounting**

The accounting policies of the Corporation 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 Corporation 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.

**Cash and Equivalents**

Cash and equivalents consist of funds deposited in demand deposit accounts.

**Capital Assets**

Capital assets, includes land and buildings and improvements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land is not depreciated. Buildings and improvements of the Corporation are depreciated using the straight line method over 40 years.

**Town Of Ramapo Local Development Corporation  
(A Component Unit of the Town of Ramapo, New York)**

Notes to Financial Statements (Continued)  
December 31, 2013

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

**Employee Benefits**

The Corporation does not currently provide retirement or health benefits to its employees.

**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 Corporation has reported deferred outflows of resources of \$775,139 net of amortization of \$27,662 for a deferred loss on refunding bonds in the Statement of Net Position. These amounts resulted from the difference in the carrying value of the refunded debt and its reacquisition price. These amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt.

**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 includes, net investment in capital assets with the balance 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.

**Application of Accounting Standards/Change in Accounting Principles**

For the year ended December 31, 2013, the Corporation implemented GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities". This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows/inflows of resources, certain items that were previously reported as assets and liabilities. This statement also recognizes as outflows of resources (expenses or expenditures) or inflows of resources (revenues), certain items that were previously reported as assets and liabilities.

In accordance with the provisions of GASB Statement No. 65, bond issuance costs are to be expensed when incurred, rather than amortized over the life of the bonds. Accordingly, the net position as of January 1, 2013 has been restated for \$411,187 of previously unamortized bond issuance costs.

**Town Of Ramapo Local Development Corporation  
(A Component Unit of the Town of Ramapo, New York)**

Notes to Financial Statements (Continued)  
December 31, 2013

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

**Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is, March 28, 2014.

**Note 3 - Detailed Notes on Assets, Liabilities and Net Position**

**Capital Assets**

Class	Balance January 1, 2013	Additions	Balance December 31, 2013
Capital Assets, not being depreciated			
Land	\$ 8,338,047	\$ -	\$ 8,338,047
Capital Assets, being depreciated			
Buildings and improvements	\$ 38,089,591	\$ 78,566	\$ 38,168,157
Less Accumulated Depreciation for Buildings and improvements	1,431,360	958,422	2,389,782
Total Capital Assets, being depreciated	\$ 36,658,231	\$ (879,856)	\$ 35,778,375
Capital assets, net	\$ 44,996,278	\$ (879,856)	\$ 44,116,422

**Real Estate Held for Sale**

Real estate held for sale consists of land, land improvements, buildings and building improvements that were constructed and/or acquired and donated to the Corporation.

Balance January 1, 2013	Additions	Sales	Balance December 31, 2013
\$ 19,097,553	\$ 3,000,250	\$ (6,760,000)	\$ 15,337,803

The Corporation capitalizes interest during construction. Interest cost capitalized as of December 31, 2013 is \$1,138,194.

**Due to Primary Government**

Due to primary government of \$3,080,000 at December 31, 2013, consists of amounts due to the Town for the purchase of land with no interest or specified payment terms.

**Town Of Ramapo Local Development Corporation**  
**(A Component Unit of the Town of Ramapo, New York)**

Notes to Financial Statements (Continued)  
 December 31, 2013

**Note 3 - Detailed Notes on Assets, Liabilities and Net Position (Continued)**

**Line of Credit - Bank**

The Corporation has a \$2,000,000 line of credit which has been subsequently satisfied in March of 2014. Interest is due monthly at the prime rate. At December 31, 2013 \$470,000 was due against this line. The Town has guaranteed the line of credit. Interest expense incurred on the line of credit for the year ended December 31, 2013 were \$43,542.

**Long-Term Liabilities**

The following table summarizes changes in the Corporation's long-term indebtedness for the year ending December 31, 2013:

	Balance January 1, 2013	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2013	Due Within One Year
Bonds Payable - Capital Construction	\$ 23,500,000	\$ 25,000,000	\$ 23,500,000	\$ 25,000,000	\$ 435,000
Less - Issuance discount	(391,551)	-	(391,551)	-	-
Plus - Issuance premium	-	2,493,749	85,991	2,407,758	-
	<u>23,108,449</u>	<u>27,493,749</u>	<u>23,194,440</u>	<u>27,407,758</u>	<u>435,000</u>
Loans Payable	<u>16,276,904</u>	<u>2,373,136</u>	<u>7,662,717</u>	<u>10,987,323</u>	<u>6,012,283</u>
Total Long-Term Liabilities	<u>\$ 39,385,353</u>	<u>\$ 29,866,885</u>	<u>\$ 30,857,157</u>	<u>\$ 38,395,081</u>	<u>\$ 6,447,283</u>

**Loans**

The Corporation has four separate loans outstanding from Provident Bank for the purchase of land and construction of buildings, thereon. The details of the loans are as follows:

	Original Amount	Maturity Date	Interest Rate	Balance December 31, 2013
\$	464,162	02/01/14	Prime + 1 %	\$ 19,340
	1,528,400	03/01/14	Prime + 1	1,178,729
	5,000,000	01/01/17	Prime + 1	4,975,040
	8,400,000	03/01/14	Prime + 1	<u>4,814,214</u>
Total				<u>\$ 10,987,323</u>

The above loans are all guaranteed by the Town and are secured by the land. Interest expenses incurred on the loans for the year ended December 31, 2013 were \$200,608. Interest costs capitalized during the year were \$464,212.

**Town Of Ramapo Local Development Corporation  
(A Component Unit of the Town of Ramapo, New York)**

Notes to Financial Statements (Continued)  
December 31, 2013

**Note 3 - Detailed Notes on Assets, Liabilities and Net Position (Continued)**

**Revenue Bonds Payable**

Bonds payable at December 31, 2013 are comprised of the following:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Amount Outstanding at December 31, 2013	Amount Due in One Year
Refunding-Baseball Stadium Project	2013	\$ 25,000,000	March, 2041	1.5-5.0%	<u>\$ 25,000,000</u>	<u>\$ 435,000</u>

Interest expenditures incurred on the refunded and refunding revenue bond for the year ended December 31, 2013 were \$655,623.

The annual requirements to amortize the bonded debt outstanding at December 31, 2013, including interest of \$20,421,663 are as follows:

Year Ending December 31,	Principal	Interest	Total
2014	\$ 435,000	\$ 1,118,463	\$ 1,553,463
2015	530,000	1,110,475	1,640,475
2016	540,000	1,097,650	1,637,650
2017	555,000	1,081,225	1,636,225
2018	575,000	1,064,275	1,639,275
2019-2023	3,130,000	5,049,200	8,179,200
2024-2028	3,780,000	4,354,250	8,134,250
2029-2033	4,820,000	3,284,500	8,104,500
2034-2038	6,160,000	1,918,750	8,078,750
2039-2041	4,475,000	342,875	4,817,875
	25,000,000	<u>\$ 20,421,663</u>	<u>\$ 45,421,663</u>
Plus - Unamortized original issue premium	<u>2,407,758</u>		
	<u>\$ 27,407,758</u>		

The Town has guaranteed payment of bond principal and interest.

**Advance Refunding**

During the current fiscal year, the Corporation issued \$25,000,000 in serial bonds with interest rates ranging from 1.5% to 5.0%, depending on maturity. The proceeds were used to refund \$23,108,449 of the 2011 Baseball Stadium Project serial bonds bearing interest at a rate of 3.5%. The net proceeds of \$23,911,250 (net of a \$2,493,749 re-offering premium and after payments of \$448,597 in underwriting fees and other issuance costs, a Project Fund Deposit of \$2,479,562 and a Capitalized Interest Deposit of \$654,340) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2011

**Town Of Ramapo Local Development Corporation  
(A Component Unit of the Town of Ramapo, New York)**

Notes to Financial Statements (Continued)  
December 31, 2013

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**Note 3 - Detailed Notes on Assets, Liabilities and Net Position (Continued)**

Baseball Stadium Project serial bonds. As a result, the 2011 Baseball Stadium Project serial bonds are considered defeased and the liability for those serial bonds has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$802,801. The premium received was \$2,493,749 and is netted against the new debt. The deferred amount on the refunding and the premium will be amortized over the remaining life of the refunded debt.

**Note 4 - Risk Management**

The Corporation purchases various conventional insurance policies to reduce its exposure to loss. The Corporation maintains general liability, excess liability and commercial umbrella policies which provide coverage up to \$20 million. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years.

**Note 5 - Significant Commitments and Contingencies**

The Corporation, during 2011, entered into an agreement with a company to manage and operate a professional baseball team, along with its daily operations. The Corporation has constructed the ballpark to stage the team's home games. This agreement will extend for twenty years from the opening day at the ballpark. The Company shall pay annual rent to the Corporation in the amount of \$175,000. In addition, the Company shall pay the Corporation the following amounts, on an annual basis, to the extent earned and on a net basis after deduction for reasonable expenses:

- \$1 for every fixed seat ticket sold per professional baseball game up to and including the first 150,000 tickets sold (excluding suite seats sold which are paid on a gross basis without deduction for the company's expenses).
- \$2 for every fixed seat ticket sold per professional baseball game above the first 150,000 tickets sold.
- \$2 for each car paid and parked for a professional baseball game, as long as the Corporation provides at a minimum 1200 parking spaces for each event.
- 20% of the company's share of proceeds from sales of merchandise sold at the ballpark on the days professional baseball games are played.
- 10% of the company's share of proceeds from sales of all food and beverages items sold
- 50% of net revenue from all broadcast advertising.
- 50% of any ballpark naming rights
- 50% of revenue from the licensing of or other grant of use rights to the ballpark suites.

The Corporation entered into an operating agreement during March 2013 with the Town for the cost of utilities and certain other operating expenses from the ballpark.

Within sixty days prior to the eleventh anniversary date of the opening date, the parties to this agreement will meet in good faith to discuss equitable adjustments to the rental amounts paid per the original agreement.

**Town Of Ramapo Local Development Corporation  
(A Component Unit of the Town of Ramapo, New York)**

Notes to Financial Statements (Concluded)  
December 31, 2013

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**Note 6 - Litigation**

The Corporation is involved in a litigation matter concerning a mechanic's lien on the ballpark. A subcontractor is claiming it is owed \$422,313 due and owing it under its contract with a primary contractor. The likelihood of the case is uncertain and the outcome cannot be determined at the present time.

There is a personal injury action against the Corporation by a spectator alleging permanent damage to their eye while sitting in the outdoor portion of a private suite. The case is currently in the discovery phase. The likelihood of the case is uncertain and the outcome cannot be determined at the present time.

The Corporation has received a notice of claim naming it as a potential defendant in a personal injury accident. It is alleged that the Corporation failed to provide adequate crowd control and security, and failed to maintain their property in a safe condition under the circumstances. As of this date, no action has been filed.

**Note 7 - Subsequent Events**

The Corporation, on March 26, 2014, received a loan in the amount of \$6,900,000 at an interest rate of prime plus one for construction costs associated with phase III of the Elm street project.

**Note 8 - Other Matters**

On the afternoon of May 15, 2013 the Federal Bureau of Investigation ("FBI") entered the Ramapo Town Hall and seized various documents and electronic data pursuant to a search warrant dated and issued May 15, 2013. The Town Attorney contacted the United States Attorney's Office on May 17, 2013 to request a copy of the affidavit in support of the search warrant and was told that this would not be made available. The United States Attorney's office also would not confirm or deny that the Town or any of its officers were the target of the investigation.

The Local Development Corporation has also received a subpoena requiring that it provide to the Grand Jury of the Southern District of New York documents relating to the finances of the Corporation for the period January 1, 2009 to the present and documents relating to the bonds and other securities issued by the Corporation for the period January 1, 2009 to the present.

To date, no public charges have been announced, and there is no way of knowing the likelihood of charges being filed against any individual or the Corporation.

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**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed in Accordance  
With Government Auditing Standards**

**Independent Auditors' Report**

**The Board of Directors of the  
Town of Ramapo Local Development Corporation  
(a component unit of the Town of Ramapo, New York)**

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 Ramapo Local Development Corporation ("Corporation") as of and for the year ended December 31, 2013, and the related notes to the financial statements and have issued our report thereon dated March 28, 2014.

**Internal Control Over Financial Reporting**

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

*O'Connor Davies, LLP*

**O'Connor Davies, LLP**

Harrison, New York

March 28, 2014

**Independent Accountants' Report on Compliance with Section 2925(3)(1)  
of the New York State Public Authorities Law**

**The Board of Directors of the  
Town of Ramapo Local Development Corporation  
(a component unit of the Town of Ramapo, New York)**

We have examined The Ramapo Local Development Corporation ("Corporation") compliance with Section 2925(3)(1) of the New York State Public Authorities Law during the year ended December 31, 2013. Management is responsible for the Corporation's compliance with those requirements. Our responsibility is to express an opinion on the Corporation'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 Corporation'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 Corporation's compliance with specified requirements.

In our opinion, the Corporation complied, in all material respects, with the aforementioned requirements during the year ended December 31, 2013.

This report is intended solely for the information and use of management and the Board of Directors. It is not intended to be and should not be used by anyone other than these specified parties.

*O'Connor Davies, LLP*

**O'Connor Davies, LLP**  
Harrison, New York  
March 28, 2014