

**Westchester County  
Local Development Corporation**

(A Component Unit of the  
County of Westchester, New York)

Financial Statements  
and Supplemental Information

Year Ended December 31, 2013

**Westchester County Local Development Corporation**  
(A Component Unit of the County of Westchester, New York)

Table of Contents

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	<u>Page No.</u>
Independent Auditors' Report	1-2
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	3-4
Management's Discussion and Analysis	5
Statement of Net Position	6
Statement of Activities	7
Statement of Cash Flows	8
Notes to Financial Statements	9-10
Supplemental Information	
Schedule of Indebtedness	11
Independent Accountants' Report on Compliance with Section 2925(3)(1) of the New York State Public Authorities Law	12

## Independent Auditors' Report

**The Board of Directors of the  
Westchester County Local Development Corporation  
(A Component Unit of the County of Westchester, New York)**

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

We have audited the accompanying statement of net position of the Westchester County Local Development Corporation (the "Corporation") (a component unit of the County of Westchester, New York) as of December 31, 2013, 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 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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## ***Opinions***

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 net position and 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*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic 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 6, 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 6, 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*

**O'Connor Davies, LLP**

Harrison, New York

March 6, 2014

**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  
Westchester County Local Development Corporation  
(A Component Unit of the County of Westchester, 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 Westchester County Local Development Corporation (the "Corporation") (a component unit of the County of Westchester, New York) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Corporation's financial statements, and have issued our report thereon dated March 6, 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 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 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 6, 2014

**Westchester County  
Local Development Corporation**

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

**Compliance and Accountability**

The Westchester County Local Development Corporation ("Corporation") was formed in 2012 and amended and restated its' By-laws in April 2013. The Corporation was created as an important source of financial assistance to not-for-profit organizations located or established in the County of Westchester, and for those not-for-profit organizations relocating to the County of Westchester.

In accordance with the 2005 Public Authorities Accountability Act and the 2009 Public Authorities Reform Act, the Corporation has adopted By-laws, and annually adopts its Mission Statement with Performance Measure Report and the Corporation's policies and procedures. The Corporation's management is under the direction of the six appointed members of the Board.

The Executive Director serves as the Chief Executive Officer of the Corporation and he or she shall have general supervision and management of the Corporation. [See Corporation bylaws and policies at [www.westchesterldc.com](http://www.westchesterldc.com)]. Further the Executive Director is responsible for providing the Corporation and its directors with detailed budget information prior to adoption of the annual budget.

The Corporation has established its own financial systems separate from those of the County of Westchester. To insure continuity in consistency with municipal best practices, the position of Comptroller is responsible for financial management, compliance and good practices, establishing internal controls, as well as investment of funds consistent with its investment policy; and reporting to the Treasurer (a board member).

The Treasurer oversees the Comptroller. An Audit Committee of three Board members, one also being the Treasurer, is responsible for the appointment, compensation and oversight of the audit process. The Audit Committee offers its recommendations to the full Corporation for action and/or adoption.

**Financial Highlights**

*Change in Net Position*

The change in net position of \$192,200 for 2013 was more than the 2012 change in net position of \$500 by \$191,700. This \$191,700 improvement is primarily due to startup of the Corporation in 2012 and only generating \$500 for two applications in 2012 versus 2013 having closing fees of \$204,281 for three projects, an increase in application and administrative fees of \$250 over 2013 and other contractual fees in 2013 of \$2,499. This increase in revenue of \$207,030 in 2013 was partially offset by operating expenses of \$15,330 in 2013. There were no operating expenses in 2012.

*Liquidity*

Cash and equivalents increased by \$195,387 in 2013. The overall increase in cash and equivalents is due to the 2013 receipt from customers of \$207,530, offset by cash payments for administrative expenses of \$12,143.

The Westchester County Local Development Corporation has sufficient cash and equivalents to fund future operating needs.

**Westchester County Local Development Corporation**  
(A Component Unit of the County of Westchester, New York)

Statement of Net Position  
December 31, 2013

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**ASSETS**

Cash and equivalents	\$ 195,887
Prepaid expenses	<u>4,432</u>
Total Assets	200,319

**LIABILITIES**

Accounts payable	<u>7,619</u>
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**NET POSITION**

Unrestricted	<u><u>\$ 192,700</u></u>
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**Westchester County Local Development Corporation**  
(A Component Unit of the County of Westchester, New York)

Statement of Activities  
Year Ended December 31, 2013

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**OPERATING REVENUES**

Charges for services

Closing fees	\$ 204,281
Application and administrative fees	750
Other contractual fees	<u>2,499</u>

Total Operating Revenues	<u>207,530</u>
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**OPERATING EXPENSES**

Professional fees	7,500
Legal notices	4,361
Insurance	3,146
Miscellaneous	<u>323</u>

Total Operating Expenses	<u>15,330</u>
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Income from Operations	192,200
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**NET POSITION**

Beginning of Year	<u>500</u>
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End of Year	<u><u>\$ 192,700</u></u>
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**Westchester County Local Development Corporation**  
(A Component Unit of the County of Westchester, New York)

Statement of Cash Flows  
Year Ended December 31, 2013

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from charges for services	\$ 207,530
Cash paid for administrative costs	<u>(12,143)</u>
Net Cash from Operating Activities	195,387
Cash and Equivalents - Beginning of Year	<u>500</u>
Cash and Equivalents - End of Year	<u><u>\$ 195,887</u></u>

**RECONCILIATION OF INCOME FROM OPERATIONS TO NET  
CASH FROM OPERATING ACTIVITIES**

Income from operations	\$ 192,200
Changes in operating assets and liabilities	
Prepaid expenses	(4,432)
Accounts payable	<u>7,619</u>
Net Cash from Operating Activities	<u><u>\$ 195,387</u></u>

**Westchester County Local Development Corporation**  
(A Component Unit of the County of Westchester, New York)

Notes to Financial Statements  
December 31, 2013

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**Note 1 - Organization**

The Westchester County Local Development Corporation ("Corporation") was formed in 2012 and amended and restated its' By-laws in April 2013. The Corporation was created as an important source of financial assistance to not-for-profit organizations located or established in the County of Westchester, and for those not-for-profit organizations relocating to the County of Westchester ("County"). The Corporation is exempt from Federal, State and local income taxes.

The Corporation is a separate entity and operates independently of the County. The governing board consists of six members appointed by the County Executive with confirmation by the Board of Legislators.

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

**Financial Reporting Entity**

The Corporation has been identified as a component unit of the County. 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 County's financial statements.

**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. The Corporation applies all applicable Financial Accounting Standards Board ("FASB") guidance issued after November 30, 1989 in its accounting and reporting.

**Cash and Equivalents**

Cash and equivalents consist of funds deposited in demand deposit accounts. Collateral will be required for deposits at 102% of all deposits not covered by Federal deposit insurance and will be obtained when deposits are in excess of amounts not covered by Federal deposit insurance.

**Net Position**

Net position represents the difference between assets and liabilities. 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 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.

**Westchester County Local Development Corporation**  
(A Component Unit of the County of Westchester, New York)

Notes to Financial Statements (Concluded)  
December 31, 2013

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**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 6, 2014.

**Note 3 - Revenue Bonds, Notes, Straight-Lease Transactions and Grants**

Certain revenue bonds and notes issued by the Corporation are secured by property, which is leased to companies. The bonds and notes are not obligations of the Corporation or the State. The Corporation 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.

In exchange for providing this service, the Corporation receives closing fees from the borrowing companies. The fee received by the Corporation is ½ of 1% percent for the first \$10 million and 1/8 of 1% percent of the amount over \$10 million. In addition, the Corporation receives closing fees for straight lease transactions of five percent of the expected savings of mortgage recording taxes. Such administrative fee income is recognized immediately upon issuance of bonds and notes or closing on leases.

**Note 4 - Related Party Transaction**

Starting in 2014, the Corporation and the County entered into an agreement for the County to provide administrative services commencing on January 1, 2014 and ending December 31, 2014. The parties currently intend to enter into annual renewals on financial terms to be negotiated each year, as approved by directors of the Corporation and by the County of Westchester Board of Acquisition and Contracts.

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**SUPPLEMENTAL INFORMATION**

**Westchester County Local Development Corporation**  
(A Component Unit of the County of Westchester, New York)

Supplemental Information  
Schedule of Indebtedness- Bonds and Notes Issued, Outstanding or Retired  
December 31, 2013

<u>Project</u>	<u>Kendal on Hudson</u>	<u>Purchase College Foundation Housing Corp.</u>	<u>Phelps Memorial Hospital Association</u>
Year of Issue	2013	2013	2013
Original Issue Value	\$64,330,000	\$15,095,000	\$14,000,000
Outstanding Balance at January 1, 2013	-	-	-
New Issues	\$64,330,000	\$15,095,000	\$14,000,000
Payments	-	-	-
Outstanding Balance at December 31, 2013	\$64,330,000	\$15,095,000	\$14,000,000
Project Address	1010 Kendal Way Sleepy Hollow, N.Y. 10591	735 Anderson Hill Road Purchase, N.Y. 10577	701 North Broadway Sleepy Hollow, N.Y. 10591
Owner	Kendal on Hudson	Purchase College Foundation Housing Corp.	Phelps Memorial Hospital Association
Owner Address	same as project address	same as project address	same as project address
Project Purpose Code	Other	Other	Construction
Interest Rate	yields from 2.00% to 5.00%	yields from 3.00% to 5.00%	3.32%
Maturity Date	1/1/2034	12/1/2031	12/1/2038
Federal Tax Status	Tax Exempt	Tax Exempt	Tax Exempt

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

**The Board of Directors of the  
Westchester County Local Development Corporation  
(A Component Unit of the County of Westchester, New York)**

We have examined the Westchester County Local Development Corporation's (the "Corporation") (a component unit of the County of Westchester, New York) compliance with Section 2925(3) (1) of the New York State Public Authorities Law and Part 201 of Title Two of the New York Code of Rules and Regulations during the year ended December 31, 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, the Board of Directors, officials of the County of Westchester, and the Office of the State Comptroller of the State of New York. It is not intended to be and should not be used by anyone other than these specified parties.

*O'Connor Davies, LLP*

**O'Connor Davies, LLP**  
Harrison, New York  
March 6, 2014

O'CONNOR DAVIES, LLP

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