

**MOUNT VERNON INDUSTRIAL
DEVELOPMENT AGENCY**

MOUNT VERNON, NEW YORK

**AUDITOR'S REPORT ON
FINANCIAL STATEMENTS**

YEAR ENDED DECEMBER 31, 2014 AND 2013

**Mount Vernon Industrial
Development Agency
December 31, 2014**

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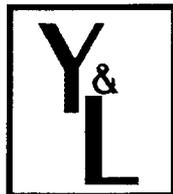
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Chris Yeboa, CPA
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Independent Auditor's Report On Financial Statements

To the Board of Directors
Mount Vernon Industrial Development Agency
Mount Vernon, New York

We have audited the accompanying financial statements of the Mount Vernon Industrial Development Agency which comprise of the statement of financial position as of December 31, 2014, and 2013, and the related statements of activities and its changes in net assets, the statement of cash flows for the years then ended and the related notes to the financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States,

Management's Responsibility

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error.

Independent Auditor's Report On Financial Statements (Continued)

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.

These financial statements represent only the Mount Vernon Industrial Development Agency, an agency of the City of Mount Vernon, New York and are not intended to present fairly the financial position and results of operations of the City of Mount Vernon in conformity with accounting principles generally accepted in the United States of America.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mount Vernon Industrial Development Agency as of December 31, 2014 and 2013 and the results of its operations and its changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 25, 2015 on our consideration of Mount Vernon Industrial Development Agency's internal control over financial reporting.

That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The required Statement of Indebtedness is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


Yeboa & Lawrence, CPAs, LLP
Pelham, New York
March 25, 2015

**Mount Vernon Industrial
Development Agency
Statement of Financial Position
December 31, 2014
(With Comparative Totals for 2013)**

	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Current assets:		
Cash (Note 3)	\$ 3,437,975	\$ 2,820,650
Pilot receivable (Notes 4 and 9)	437,541	363,228
Other receivables (Note 5)	<u>557,686</u>	<u>130,000</u>
Total current assets	<u>4,433,202</u>	<u>3,313,878</u>
Long-term assets (Note 2):		
Buildings	2,205,000	2,205,000
Less: accumulated depreciation	<u>(650,250)</u>	<u>(595,125)</u>
Net building and equipment	1,554,750	1,609,875
Land	<u>245,000</u>	<u>245,000</u>
Total Long-Term Assets	<u>1,799,750</u>	<u>1,854,875</u>
Total assets	<u><u>\$ 6,232,952</u></u>	<u><u>\$ 5,168,753</u></u>
<u>Liabilities and net assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 19,337	\$ 15,884
Other liabilities (Note 6)	156,907	775,440
Deferred revenue (Note 7)	-	66,452
Due to other agent	20,000.0	-
Security deposits (Notes 3 and 8)	<u>841,585</u>	<u>446,270</u>
Total current liabilities	<u>\$ 1,037,829</u>	<u>1,304,046</u>
Commitments and Contingencies (Note 9)		
<u>Net assets</u>		
Unreserved-undesignated	4,353,538	3,404,000
Reserved	<u>841,585</u>	<u>446,270</u>
Total net assets	<u>5,195,123</u>	<u>3,864,707</u>
Total liabilities and net assets	<u><u>\$ 6,232,952</u></u>	<u><u>\$ 5,168,753</u></u>

The accompanying notes are an integral part of these financial statements

**Mount Vernon Industrial
Development Agency
Statement of Activities
and of Changes in Net Assets
For the year ended December 31, 2014
(With Comparative Totals for 2013)**

	<u>2014</u>	<u>2013</u>
Operating Revenue:		
Income from services provided	1,371,367	\$ 404,738
Interest income	2,102	2,322
Total operating revenue	<u>1,373,469</u>	<u>407,060</u>
Expenses:		
Salaries	86,000	13,510
Payroll taxes	8,077	-
Employee benefits	7,935	-
Professional fees	22,800	13,600
Contractual services	1,116	72,830
Administrative overhead	356	103
Office expense	502	-
Real property taxes	1,347	5,245
Advertising	561	223
Total operating expenses before depreciation expense	<u>128,694</u>	<u>105,511</u>
Total operating income before depreciation expense	<u>1,244,775</u>	<u>301,549</u>
Depreciation expense	55,125	54,546
Total operating income (loss)	<u>1,189,650</u>	<u>247,003</u>
Other income (expense):		
Payments in lieu of taxes	1,098,192	1,211,101
Total other income (expense)	<u>1,098,192</u>	<u>1,211,101</u>
Income before operating transfers	2,287,842	1,458,104
Pilot obligation to other tax jurisdictions	(957,426)	(951,140)
Increase (decrease) in net assets	1,330,416	506,964
Net assets, beginning of the year	<u>3,864,707</u>	<u>3,357,743</u>
Net assets, end of the year	<u>\$ 5,195,123</u>	<u>\$ 3,864,707</u>

The accompanying notes are an integral part of these financial statements

**Mount Vernon Industrial
Development Agency
Statement of Cash Flows
For The Year Ended December 31, 2014
(With Comparative Totals for 2013)**

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash collected from providing services	\$ 940,854	\$ 394,738
Cash paid for services	(122,356)	(101,228)
Other operating cash receipts	<u>2,044</u>	<u>2,322</u>
Net cash provided by operating activities	<u>820,542</u>	<u>295,832</u>
Cash flows from other non-operating activities:		
Cash collected in lieu of taxes	957,426	951,140
Cash collected in advance of billing	-	66,452
Cash collected on behalf of agent	20,000	-
Cash transferred to other jurisdiction	(1,575,958)	(529,993)
Increase in escrow cash deposits	<u>395,315</u>	<u>112,401</u>
Net cash used in other non- operating activities	<u>(203,217)</u>	<u>600,000</u>
Cash flows from financing activities:		
Cash flows from investing activities:		
Net increase (decrease) in cash and cash equivalents	617,325	895,832
Cash and cash equivalents, beginning of year	<u>2,820,650</u>	<u>1,924,818</u>
Cash and cash equivalents, end of year	<u>3,437,975</u>	<u>2,820,650</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Operating income (loss)	1,189,650	247,003
Depreciation	55,125	54,545
Changes in assets and liabilities:		
(Increase) decrease in other receivable	(427,686)	(10,000)
Increase (decrease) in accrued expenses	<u>3,453</u>	<u>4,284</u>
Net cash provided by operating activities	<u>\$ 820,542</u>	<u>\$ 295,832</u>

The accompanying notes are an integral part of these financial statements

**The Mount Vernon Industrial
Development Agency
Notes to Financial Statements
December 31, 2014**

Note 1

Organization

The Mount Vernon Industrial Development Agency ("Agency") is a Public Benefit Corporation authorized by the State of New York under the Industrial Development Agency Act to issue revenue bonds/notes to support a business project in financing all or part of the cost of acquiring, constructing, improving and equipping both commercial and private firms. The developer (project owner) makes payments to retire these obligations, pursuant to a contractual arrangement. Generally, property involved in a project is legally titled to the Agency until the bond or note is retired or satisfied. Once the financial obligation is liquidated, the lease usually includes a provision for the developer to purchase the property for a nominal fee. The Agency also has the power to acquire by purchase, grant, gift, and pursuant to the provisions of eminent domain procedure law; to lease, equip, furnish and grant options to purchase facilities. In addition to the arranging of long-term financing, the Agency's purpose is to actively promote, attract, encourage and develop an economically sound commerce and industry to prevent economic deterioration and unemployment in the City of Mount Vernon.

Development projects, which are approved for assistance by the Agency, are financed through the issuance of Industrial Development Bonds and notes. The bonds and notes are obligations of the Agency (they are backed only by a pledge of Agency revenues, including revenues from the lease, sales or other fees collected from projects) but are payable solely out of lease payments made by the developers. All lease payments are made to a trustee for disbursement to lenders. While these bonds are a special obligation of the Agency, they are not an obligation against the general credit of the Agency neither are they a liability or debt of the State of New York nor the City of Mount Vernon. The Agency does not record the assets or liabilities resulting from completed bonds and note issues on its books, since its primary function is to arrange financing between the developers and the bond or note holders. These projects may also receive partial real estate tax exemption.

Collateralization for the bonds is derived from the related property and from the assignment of the Agency's rights to the Trustee of the bonds.

The lease agreements provide that payments be made to the designated Bond Trustee in sufficient amounts so as to meet the debt obligations of the bonds while running concurrently with the related bonds. The Trustees are appointed jointly by the Bondholder and the Agency and are independent of the Agency.

**The Mount Vernon Industrial
Development Agency
Notes to Financial Statements
December 31, 2014**

Note 1 **Organization (Continued)**

The Agency also provides straight leasing agreements with developers. In a straight lease agreement, the Agency takes title to the property or equipment and provides property and sales tax exemptions. The developer obtains his own financing, if necessary.

Note 2 **Summary of Significant Accounting Policies**

The accounting policies of the Agency, a component unit of the City, conform to generally accepted accounting principles as applicable to an enterprise fund of a governmental unit. The accrual basis of accounting is followed by the Agency. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned and become measurable and expenses are recognized in the period incurred.

Payments-In-Lieu-of-Taxes

Payments-In-Lieu-Of-Taxes, (PILOTS) represent negotiated yearly payments by the Agency upon the removal of a property from the City's tax roll. Payments collected by the Agency are then distributed to the tax jurisdictions that are non-exempt from tax revenues, based on a pre-determined mandated allocation issued by the state of New York.

Revenue

Revenue is derived from various fees charged by the Agency for providing services to project owners. The Agency also receives annual lease payments from active project owner.

Property and Equipment

Property and equipment are stated at cost. Depreciation on property and equipment is computed using the straight-line method over the following useful lives of the assets:

Buildings and improvements	40.0 years
Equipment-computer	3.0 years

Depreciation expense as of December 31, 2014 and 2013 was \$55,125 and \$54,546 respectively.

**The Mount Vernon Industrial
Development Agency
Notes to Financial Statements
December 31, 2014**

Note 2

Summary of Significant Accounting Policies (continued)

Net assets

Unrestricted net assets represent the accumulated reserve of the Agency that is available for future spending. Restricted net assets represent funds that are placed in a special account in the name of the project owners. The funds are escrowed to be used for expenses incurred while the projects remain in active status.

Cash Flows

For the purpose of the statements of cash flow, cash represents only cash on demand.

Real Estate Owned

The Agency acquired land and buildings located at 215-242 South Fourth Avenue and 204-208 South Fifth Avenue. The Agency proposes to utilize the premises as part of the City's Third Street Revitalization Program. The revitalization program was designed to advance the general prosperity and economic welfare of the people of the State of New York.

Note 3

Cash

Cash as of December 31, 2014 and December 31, 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Operating cash	\$ 2,596,390	\$ 2,374,380
Reserved (held in escrow)	<u>841,585</u>	<u>446,270</u>
Total	<u>\$ 3,437,975</u>	<u>\$ 2,820,650</u>

All Agency deposits with financial institutions were covered by the federal depository insurance. All deposits that were in excess of the applicable FDIC coverage were collateralized as part of a custodial undertaking agreement between the Agency and the financial institution. The Agency had operating cash in two accounts and reserve cash held in separate bank accounts for each on-going project.

**The Mount Vernon Industrial
Development Agency
Notes to Financial Statements
December 31, 2014**

Note 4 **Pilot Receivable**

Pilot receivable represents funds that have not been collected from project owners at the close of the Agency's fiscal year end. Once the funds are received they are turn over to the various taxing jurisdictions. The uncollected portions of the pilots as of December 31, 2014 and 2013 were \$437,541 and \$363,228 respectively.

Note 5 **Other Receivable**

Other receivable represents the portion of the income earned by the Agency, but were not received at the close of the Agency's fiscal year end. As of December 31, 2014 and 2013, the amounts due to the Agency were \$557,686 and \$130,000 respectively.

Note 6 **Other Liabilities**

The Agency has guardianship over the funds received through payment-in-lieu of taxes. The Agency also has an obligation to disburse the funds to the appropriate tax jurisdictions. As of December 31, 2014 and 2013, funds in the amount of \$156,907 and \$775,440 respectively, were in the custody of the Agency.

Note 7 **Due to Other Agent**

Due to other agent represents a fee in the amount of \$20,000 that was collected on behalf of the agent, and had not been disbursed as of December 31, 2014.

Note 8 **Security Deposits**

Special accounts were established in the names of the development projects that were approved for assistance by the Agency. The accounts are maintained as a security tool to cover any cost incurred by the Agency during the time the projects remain under the guidance of the Agency. Upon completion of the projects, the security accounts are closed out. As of December 31, 2014 and 2013, the amounts in the security accounts were \$841,585 and \$446,270 respectively.

**The Mount Vernon Industrial
Development Agency
Notes to Financial Statements
December 31, 2014**

Note 9 **Commitments and Contingencies**

A Developer's project that had been approved for assistance by the Agency to finance a part of the cost of improving and equipping the business property has discontinued operations. The Agency arranged financing for the project resulted in the issuance of revenue bonds to the Developer. The Developer leased the property from the Owners, which was then leased back to the Agency to be used as collateral for the Bond issues, base on the assignment of the Agency's rights to the Trustee of the Bonds. The Developer ceased to fulfill its obligation under the terms of the Bond and had terminated connections with the Agency. The Owners of the property has sort consent from the Agency, the Bond Holder and all other parties to sell the property and extinguish all obligations under the Bond, as well as all outstanding pilots and agency fees. As of December 31, 2014, the principal balance of the Bond issue was \$3,162,130 and the pilot owing was approximately \$437,541.

Note 10 **Contingencies**

In the normal course of business, there may be various outstanding contingent liabilities such as lawsuits etc. that are not reflected in the accompanying financial statements. The Agency has been named a party to several material pending and or threatened litigation, claims or assessment. The Agency Council has advised us that at this stage in the proceedings, an opinion cannot be offered as to the probable outcome, however, the Agency is fully indemnified, held harmless and insured by the project developer, which has the obligation to defend and hold the Agency harmless from such claims.

Federal and State income tax regulations have limited the tax advantage of the use of Industrial Development Bonds.

**Mount Vernon Industrial
Development Agency
Statement of Indebtedness
December 31, 2014**

	Tax Exemption Granted	Purpose of Mortgage	Date of Issue	Interest Rate	Maturity Date	Maturity Amount	Federal Tax Status	Original Proceeds of Issue	Balance December 31, 2013	Principal Paid 2014	Balance	
											December 31, 2013	December 31, 2014
Kings Court, LLC 117 South 2nd Ave. Mount Vernon, NY 10550	Yes	Senior Citizens Housing	12/10/2003	0.03625	2005	\$ 25,000	Exempt	\$ 25,000	-	-	\$ -	\$ -
			0.0363	2006	\$ 25,000	Exempt	\$ 25,000	-	-	\$ -	\$ -	
			0.037	2007	\$ 25,000	Exempt	\$ 25,000	-	-	\$ -	\$ -	
			0.0375	2008	\$ 25,000	Exempt	\$ 25,000	-	-	\$ -	\$ -	
			0.0405	2009	\$ 30,000	Exempt	\$ 30,000	-	-	\$ -	\$ -	
			0.0405	2010	\$ 30,000	Exempt	\$ 30,000	-	-	\$ -	\$ -	
			0.0425	2011	\$ 30,000	Exempt	\$ 30,000	-	-	\$ -	\$ -	
			0.0425	2012	\$ 35,000	Exempt	\$ 35,000	-	-	\$ -	\$ -	
			0.043	2013	\$ 35,000	Exempt	\$ 35,000	-	-	\$ -	\$ -	
			0.044	2014	\$ 35,000	Exempt	\$ 35,000	35,000	-	\$ 35,000	-	\$ -
			0.045	2015	\$ 40,000	Exempt	\$ 40,000	\$ 40,000	-	\$ 40,000	-	\$ -
			0.045	2016	\$ 40,000	Exempt	\$ 40,000	\$ 40,000	-	\$ 40,000	-	\$ -
			0.0475	2017	\$ 45,000	Exempt	\$ 45,000	\$ 45,000	-	\$ 45,000	-	\$ -
			0.0475	2018	\$ 45,000	Exempt	\$ 45,000	\$ 45,000	-	\$ 45,000	-	\$ -
0.05125	2023	\$ 280,000	Exempt	\$ 280,000	\$ 280,000	-	\$ 280,000	-	\$ -			
0.052	2033	\$ 955,000	Exempt	\$ 955,000	\$ 955,000	-	\$ 955,000	-	\$ -			
					\$ 1,700,000		\$ 1,700,000	\$ 1,440,000	\$ 35,000	\$ 1,405,000		
A-Val Architectural 240 Washington Street Mount Vernon, NY 10550	Yes	Senior Citizens Housing	11/1/2006		2026	\$ 4,120,000	Exempt	\$ 4,120,000	\$ 3,162,794	\$ -	\$ 3,162,794	
Grace Plaza, LLC 153-163 So. Fifth Ave. Mount Vernon, NY 10550	Yes	Senior Citizens Housing	05/30/2008	0.0727	2026	\$ 1,984,963	Exempt	\$ 1,984,963	\$ 1,984,963	\$ 30,421	\$ 1,954,542	

**Mount Vernon Industrial
Development Agency
Statement of Indebtedness
December 31, 2014**

Federal Tax Status	Tax Exemption Granted	Purpose of Mortgage	Date of Issue	Interest Rate	Maturity Date	Maturity Amount	Original Proceeds of Issue	Balance		Principal Paid 2014	Balance December 31, 2014
								December 31, 2013	December 31, 2014		
Exempt	Yes	Assisted Living	6/1/1999	0.06	2009	\$ 1,740,000	\$ 1,740,000	\$ -	\$ -	\$ -	\$ -
Exempt				0.0615	2019	\$ 4,695,000	\$ 4,695,000	\$ 3,140,000	\$ 3,140,000	\$ 450,000	\$ 2,690,000
Exempt				0.062	2029	\$ 8,565,000	\$ 8,565,000	\$ 8,565,000	\$ 8,565,000	\$ -	\$ 8,565,000
						\$ 15,000,000	\$ 15,000,000	\$ 11,705,000	\$ 11,705,000	\$ 450,000	\$ 11,255,000
Exempt	Yes	Multi-Family Senior Citizens Housing	12/10/2003	0.033	2005	\$ 90,000	\$ 90,000	\$ -	\$ -	\$ -	\$ -
Exempt				0.035	2006	\$ 95,000	\$ 95,000	\$ -	\$ -	\$ -	\$ -
Exempt				0.0375	2007	\$ 95,000	\$ 95,000	\$ -	\$ -	\$ -	\$ -
Exempt				0.0375	2008	\$ 95,000	\$ 95,000	\$ -	\$ -	\$ -	\$ -
Exempt				0.04	2009	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ -
Exempt				0.04	2010	\$ 105,000	\$ 105,000	\$ -	\$ -	\$ -	\$ -
Exempt				0.0425	2011	\$ 115,000	\$ 115,000	\$ -	\$ -	\$ -	\$ -
Exempt				0.0425	2012	\$ 120,000	\$ 120,000	\$ -	\$ -	\$ -	\$ -
Exempt				0.043	2013	\$ 125,000	\$ 125,000	\$ -	\$ -	\$ -	\$ -
Exempt				0.044	2014	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ -
Exempt				0.045	2015	\$ 135,000	\$ 135,000	\$ 135,000	\$ 135,000	\$ -	\$ 135,000
Exempt				0.045	2016	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ -	\$ 140,000
Exempt				0.0475	2017	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ -	\$ 150,000
Exempt				0.0475	2018	\$ 160,000	\$ 160,000	\$ 160,000	\$ 160,000	\$ -	\$ 160,000
Exempt			12/10/2003	0.05125	2023	\$ 975,000	\$ 975,000	\$ 975,000	\$ 975,000	\$ -	\$ 975,000
Exempt			12/10/2003	0.052	2033	\$ 3,275,000	\$ 3,275,000	\$ 3,275,000	\$ 3,275,000	\$ -	\$ 3,275,000
						\$ 5,900,000	\$ 5,900,000	\$ 4,960,000	\$ 4,960,000	\$ 125,000	\$ 4,835,000
Exempt	Yes	Family Housing	12/13/2007	0.059	2040	\$ 11,530,000	\$ 11,530,000	\$ 11,530,000	\$ 11,530,000	\$ -	\$ 11,530,000
Exempt											
Exempt											
Exempt											

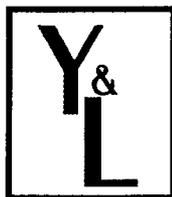
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Chris Yeboa, CPA
Mary-Ann Lawrence, CPA

Report On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards

To the Board of Directors
Mount Vernon Industrial Development Agency, Inc.
Mount Vernon, New York

We have audited the financial statements of Mount Vernon Industrial Development Agency, Inc. as of and for the year ended December 31, 2014, and have issued our report thereon dated March 25, 2015. 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.

In planning and performing our audit of the financial statements of Mount Vernon Industrial Development Agency, Inc. for the year ended December 31, 2014, we considered Mount Vernon Industrial Development Agency, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of our auditing procedure, we evaluated the internal controls which safeguards the organization's assets and record transactions during the accounting cycle, in order to determine the extent of our substantive or year end testing.

The management of Mount Vernon Industrial Development Agency, Inc. is responsible for establishing and maintaining an internal control structure. The objectives of an internal control structure are to provide management with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the presentation of financial statements in accordance with generally accepted accounting principles.

Report On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards -Continued

We obtained an understanding of the design of relevant policies and procedures and we observed whether they have been placed into operation. We noted no matter involving the internal control structure and its operation that we considered to be a reportable condition.

A reportable condition involve a matter coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting, that in our judgment, could adversely affect the organization's ability to record, process, summarize and report financial data in a manner that is consistent with the assertions of management in the financial statements.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

The internal control finding is as follows:

Finding

Current year

Some issues such as the establishment of uniform charges for developmental projects are being sorted out at present.

The newly hired Executive Director continues to review past pilots and lease agreements to ascertain that they are in conformity with the policies and procedures of the State's Industrial Development Agency's guidelines.

Corrective Action:

The Executive Director works closely with the board of directors, the legal representative and bond counsel for the IDA to achieve the type of internal controls that are necessary for the stability of the Agency.

Report On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed In Accordance With Government Auditing Standards (Continued):

Prior Year

A recent New York State audit of the IDA revealed that some pilots were not properly calculated. The audit also revealed that some pilot start dates were not properly monitored, and in light of this, the projects did not commence when they should have, as well as the full amounts of the pilots were not collected at the time they were due.

Corrective Action:

The IDA has hired an executive director to oversee the operations of the Agency. The Agency is in the process of hiring an accountant. All relative pilots have been recalculated and are being collected.

This report is intended for the information of the management, board of directors and the Office of the Comptroller of the state of New York. However, this report is a matter of public record and its distribution is not limited.

Yeboa & Lawrence, CPAs, LLP
Yeboa & Lawrence, CPAs, LLP
Pelham, New York
March 25, 2015