

**Dobbs Ferry Local  
Development Corporation**  
(A Component Unit of the  
Village of Dobbs Ferry, New York)

Financial Statements

Year Ended December 31, 2014



## Independent Auditors' Report

**The Board of Directors of the  
Dobbs Ferry Local Development Corporation**

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

We have audited the accompanying financial statements of the Dobbs Ferry Local Development Corporation ("DFLDC") (a component unit of the Village of Dobbs Ferry, New York) as of and for the year ended December 31, 2014 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 opinions 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 opinions.

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the DFLDC as of December 31, 2014, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

O'CONNOR DAVIES, LLP

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## **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.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

### *Report on Comparative Information*

We have previously audited the DFLDC's December 31, 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 25, 2014. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2015, on our consideration of the DFLDC'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 DFLDC's internal control over financial reporting and compliance.

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

We have also issued our report dated February 25, 2015, on our consideration of the DFLDC's compliance with Section 2925(3)(f) 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

February 25, 2015

## **Dobbs Ferry Local Development Corporation**

(A Component Unit of the  
Village of Dobbs Ferry, New York)  
Management's Discussion and Analysis  
December 31, 2014

### Compliance and Accountability

The Dobbs Ferry Local Development Corporation ("DFLDC") management is under the direction of the five appointed members of the Board. Pursuant to Article II, Section 1 and Section 2 of the DFLDC's bylaws, the DFLDC's Board members are appointed by the Board of Trustees of the Village of Dobbs Ferry, New York ("Village"). The term of office of each board member of the DFLDC shall be at the pleasure of the Board of Trustees, and each DFLDC Board member shall continue to hold office until his/her successor is appointed and has qualified.

Following the passage of the 2005 Public Authority Accountability Act ("PAAA"), the DFLDC adopted by-laws, policies and procedures consistent with the Act.

The DFLDC has established its own financial systems separate from those of the Village. The DFLDC has an Executive Director who has the general supervision over the administration of the business and affairs of the DFLDC. He also serves as compliance officer. The Compliance Officer is responsible for insuring that the DFLDC complies with all financial and other reporting requirements imposed by structure, including those requirements in the General Municipal Law of the State of New York and the PAAA. The DFLDC also appoints a Chief Financial Officer, a non-voting member, who has the care and custody of all funds of the DFLDC and keeps regular books of accounts for all its receipts and expenses. The Chief Financial Officer also renders financial reports during each of the DFLDC's regular meetings.

An Audit Committee of three Board members is responsible for the appointment, compensation and oversight of the public accounting firm. The Audit Committee offers its recommendations to the full DFLDC Board for action and/or adoption.

### Financial Highlights

The DFLDC received an issuer fee of \$121,000 from the sale of bonds for the Mercy College Project. The DFLDC paid for attorney's fees for general corporate matters, as well as auditing fees for reporting on DFLDC's financial statements.

In August 2014, the DFLDC issued a loan and security agreement to Dobbs Ferry HG, LLC in the principal amount of \$79,000. The note will be used by Dobbs Ferry HG, LLC to pay for rehabilitation and reconstruction of improvements and certain soft costs. The terms of the loan provide for repayment in sixty equal monthly installments, with interest at 4.25%.

### Requests for Information

This financial report is designed to provide a general overview of the DFLDC's finances for all those with an interest in those finances. Questions and comments concerning any of the information provided in this report should be addressed to the Village Administrator, Village of Dobbs Ferry, 112 Main Street, Dobbs Ferry, New York 10520.

**Dobbs Ferry Local Development Corporation**  
(A Component Unit of the Village of Dobbs Ferry, New York)

Comparative Statement of Net Position  
December 31,

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 261,148	\$ 221,329
Accounts receivable	-	3,000
Note receivable	74,239	-
	<u>335,387</u>	<u>224,329</u>
Total Assets		
<b>LIABILITIES</b>		
Due to other governments	<u>3,989</u>	-
<b>NET POSITION</b>		
Unrestricted	<u>\$ 331,398</u>	<u>\$ 224,329</u>

See notes to financial statements.

**Dobbs Ferry Local Development Corporation**  
(A Component Unit of the Village of Dobbs Ferry, New York)

Comparative Statement of Revenues, Expenses and  
Changes in Net Position  
Years Ended December 31,

	<u>2014</u>	<u>2013</u>
<b>OPERATING REVENUES</b>		
Closing fees	\$ 121,000	\$ 120,000
Administrative fees	<u>3,500</u>	<u>3,000</u>
Total Operating Revenues	<u>124,500</u>	<u>123,000</u>
<b>OPERATING EXPENSES</b>		
Professional fees	4,761	6,219
Program expenses	<u>13,764</u>	<u>1,260</u>
Total Operating Expenses	<u>18,525</u>	<u>7,479</u>
Income from Operations	105,975	115,521
<b>NON-OPERATING REVENUES</b>		
Interest income	<u>1,094</u>	<u>-</u>
Change in Net Position	107,069	115,521
<b>NET POSITION</b>		
Beginning of year	<u>224,329</u>	<u>108,808</u>
End of year	<u>\$ 331,398</u>	<u>\$ 224,329</u>

See notes to financial statements.

**Dobbs Ferry Local Development Corporation**  
(A Component Unit of the Village of Dobbs Ferry, New York)

Comparative Statement of Cash Flows  
Years Ended December 31,

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	\$ 127,500	\$ 120,000
Cash payments for goods and services	<u>(14,536)</u>	<u>(32,321)</u>
Net Cash from Operating Activities	<u>112,964</u>	<u>87,679</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Note issued	(79,000)	-
Principal received on note	<u>4,761</u>	<u>-</u>
Net Cash from Financing Activities	<u>(74,239)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	<u>1,094</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>221,329</u>	<u>133,650</u>
End of year	<u>\$ 261,148</u>	<u>\$ 221,329</u>
<b>RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES</b>		
Income from operations	\$ 105,975	\$ 115,521
Adjustments to reconcile income from operations to net cash from operating activities		
Accounts receivable	3,000	(3,000)
Due to other governments	<u>3,989</u>	<u>(24,842)</u>
Net Cash from Operating Activities	<u>\$ 112,964</u>	<u>\$ 87,679</u>

See notes to financial statements.

**Dobbs Ferry Local Development Corporation**  
(A Component Unit of the Village of Dobbs Ferry, New York)

Notes to Financial Statements  
December 31, 2014

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**Note 1 - Organization and Purpose**

The Dobbs Ferry Local Development Corporation ("DFLDC") was incorporated in November 2010 under Section 1411 of the Not-For-Profit Corporation Law of the State of New York. The mission of the DFLDC is to conduct activities that will relieve and reduce unemployment, promote and provide for additional maximum employment, improve and maintain job opportunities, lessen the burdens of government and act in the public interest. The sole member of the DFLDC shall be the Village of Dobbs Ferry, New York ("Village") acting by and through its Mayor, ex officio. The DFLDC is managed by a Board of Directors consisting of not less than three but not more than seven Directors that serves at the pleasure of the sole member and, therefore, the Village is considered able to impose its will on the DFLDC. The Village is not liable for DFLDC's bonds or notes.

The income of the DFLDC is exempt from Federal, State and local income taxes.

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

**Financial Reporting Entity**

The DFLDC has been identified as a component unit of the Village. In accordance with the criteria enumerated in Governmental Accounting Standards Board ("GASB") Statement No. 61, the DFLDC's financial statements have been discretely presented in the Village's financial statements.

**Basis of Accounting**

The accounting policies of the DFLDC 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 DFLDC 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 DFLDC applies all applicable Financial Accounting Standards Board 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 is required for these deposits at 100% of all deposits not covered by Federal deposit insurance. The DFLDC has entered into custodial agreements with the depositories which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

**Receivables**

Receivables include amounts due from entities that the DFLDC assisted in securing financing. Receivables are recorded and revenues recognized as earned. Allowances would be recorded when appropriate.

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**Dobbs Ferry Local Development Corporation**  
(A Component Unit of the Village of Dobbs Ferry, New York)

Notes to Financial Statements (Concluded)  
December 31, 2014

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

**Net Position**

Net position represents the difference between assets and liabilities. Net position is reported as restricted only when there are limitations imposed on its use. The net position of the DFLDC is classified as unrestricted.

**Use of Estimates**

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is February 25, 2015.

**Note 3 - Note Receivable**

On August 1, 2014, the DFLDC issued a loan and security agreement in the form of a promissory note to Dobbs Ferry HG, LLC in the principal amount of \$79,000. The note provides for monthly payments of \$1,464, including interest at 4.25%, through August 1, 2019. The proceeds from the note will be used by Dobbs Ferry HG, LLC to pay for rehabilitation and reconstruction of improvements and certain soft costs.

**Note 4 - Revenue Bond Transactions**

The revenue bonds issued by the DFLDC are secured by property. The loan proceeds, along with the DFLDC's right, title and interest to the property, are assigned to a trustee. The revenue bonds are retired by loan repayments from the borrowing entities. The bonds are not obligations of the DFLDC. The DFLDC does not record the assets or a liability resulting from completed bond issues in its accounts since its primary function is to arrange the financing between the borrower and the bond holders, and funds arising therefore are controlled by trustees or banks acting as fiscal agents. For providing this service, the Corporation receives bond administration fees of up to 1% from the borrowing entities. Such administrative fee income is recognized immediately upon issuance of bonds.

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**Dobbs Ferry Local Development Corporation**  
(A Component Unit of the Village of Dobbs Ferry, New York)

Other Required Supplementary Information  
Statement of Indebtedness - Bonds Issued, Outstanding or Retired  
December 31, 2014

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<u>Project Name Owner Name and Address</u>	<u>Purpose</u>	<u>Date of Issue</u>	<u>Maturity</u>	<u>Federal Tax Status</u>	<u>Interest Rate</u>
The Children's Village Project I Echo Hills Dobbs Ferry, NY 10522 Multi-Mode Revenue Bonds (the "Series 2010 Bonds")	To assist the Children's Village in the financing of the costs of certain projects.	12/1/2010	12/1/2030	Tax Exempt	LIBOR
The Masters School Project 49 Clinton Avenue Dobbs Ferry, NY 10522 (the "Series 2013 Bonds")	To assist the Masters School of carrying out any corporate purposes.	6/19/2013	7/1/2043	Tax Exempt	2.95%
Mercy College Project 555 Broadway Dobbs Ferry, NY, 10522 (the "Series 2014 Bonds")	To assist in the construction, renovation and equipping of a 350 bed student housing complex and related site and infrastructure improvements.	7/31/2014	7/1/2044	Tax Exempt	4.0%-5.0%

See independent auditors' report.

<u>Original Issue Amount</u>	<u>Outstanding Balance at January 1, 2014</u>	<u>New Issues</u>	<u>Payments</u>	<u>Outstanding Balance at December 31, 2014</u>
<u>\$ 12,465,000</u>	<u>\$ 9,920,000</u>	<u>\$ -</u>	<u>\$ 995,000</u>	<u>\$ 8,925,000</u>
<u>\$ 32,000,000</u>	<u>\$ 31,900,000</u>	<u>\$ -</u>	<u>\$ 255,000</u>	<u>\$ 31,645,000</u>
<u>\$ 36,855,000</u>	<u>\$ -</u>	<u>\$ 36,855,000</u>	<u>-</u>	<u>\$ 36,855,000</u>

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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  
Dobbs Ferry Local Development Corporation, 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 Dobbs Ferry Local Development Corporation, New York ("DFLDC") as of and for the year ended December 31, 2014, and the related notes to the financial statements, and have issued our report thereon dated February 25, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the DFLDC'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 DFLDC's internal control. Accordingly, we do not express an opinion on the effectiveness of the DFLDC'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 DFLDC'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 DFLDC'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 DFLDC'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 DFLDC'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

February 25, 2015

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

**The Board of Directors of the  
Dobbs Ferry Local Development Corporation**

We have examined the Dobbs Ferry Local Development Corporation's ("DFLDC") compliance with Section 2925(3)(f) of the New York State Public Authorities Law during the year ended December 31, 2014. Management is responsible for the DFLDC's compliance with those requirements. Our responsibility is to express an opinion on the DFLDC'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 DFLDC'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 DFLDC's compliance with specified requirements.

In our opinion, the DFLDC complied, in all material respects, with the aforementioned requirements during the year ended December 31, 2014.

This report is intended solely for the information and use of management, the Board of Directors, officials of the Village of Dobbs Ferry, New York 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  
February 25, 2015

