

# **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, 2014

## 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") (a component unit of the Town of Ramapo, New York) as of and for the year ended December 31, 2014, 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

500 Mamaroneck Avenue, Suite 301, Harrison, NY 10528 | Tel: 914.381.8900 | Fax: 914.381.8910 | [www.odpkf.com](http://www.odpkf.com)

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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, 2014, 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 6 to the notes to financial statements, the Corporation is involved in a Federal Bureau of Investigation and Securities and Exchange Commission matter, which commenced May 15, 2013 and July of 2014, respectively. 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 9, 2015 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 9, 2015 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 9, 2015

# Ramapo Local Development Corporation

Management's Discussion and Analysis (MD&A)  
Year Ended December 31, 2014

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The following Management's Discussion and Analysis (MD&A) of the Ramapo Local Development (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, 2014. 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 serves as 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 that will include real estate acquisition, development and management, real estate project finance, and other community-based economic development activities permissible under the Not-For-Profit Corporation Law.

The Ramapo Local Development Corporation was created to assist the Town of Ramapo 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 comparative revenues, expenses, and changes in net assets are summarized below. Refer to the RLDC's basic financial statements for the complete Statement of Activities.

Operating Revenues	<u>\$ 4,313,254</u>
Operating Expense	2,376,234
Non-Operating Expense, Net	<u>1,187,018</u>
Total Expenses	<u>3,563,252</u>
Change in Net Position	<u>\$ 750,002</u>

As of December 31, 2014, total assets reported by the RLDC were \$50,896,367 and total liabilities were \$33,184,222. Net position, which represents the equity of the RLDC, was \$18,459,622.

## 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 and liabilities, with the difference between the two 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 assets 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 (e.g., the receipt of amounts due from other governments or the payment accrued for compensated absences).

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 provided or used from operating, investing, capital and non-capital 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 basic financial statements.

	December 31, 2014
Current Assets	\$ 392,746
Capital Assets, Net	43,185,431
Real estate held for resale	7,318,190
Total Assets	<u>50,896,367</u>
Deferred amounts on refunding bonds	<u>747,477</u>
Current Liabilities	<u>6,297,455</u>
Non-Current Liabilities	<u>26,886,767</u>
Total Liabilities	<u>33,184,222</u>
Net Position	<u>\$ 18,459,622</u>

### **Current Assets**

Current assets as of December 31, 2014 are primarily composed of cash and cash equivalents and accounts receivable totaling \$392,746. The remaining \$50,503,621 in assets consists primarily of real estate held for sale and capital assets.

### **Current Liabilities**

Currently liabilities consist mainly of accounts payable, accrued interest payable, and a line of credit and due to primary government, totaling \$3,118,582.

### **Non-Current Liabilities**

There are primarily two components of non-current liabilities. There are loans payable due in one year totaling \$3,118,582. There are also bonds payable outstanding in the amount of \$30,065,640, with \$530,000 million of this balance due within one year.

## **NEW OPERATIONS**

The Ramapo Local Development Corporation continues to work with the Town of Ramapo in an ongoing effort to spur economic development and expand job creation through various RLDC projects.

The RLDC is completing the housing project known as Ramapo Commons, which is located on an 8-acre site on Elm Street in the Town of Ramapo. The RLDC took the initiative to fill the dire need that exists in the Town of Ramapo for quality residential units. This project has enabled families to achieve the dream of home ownership in the Town of Ramapo. The project was constructed as a 3-phase plan.

Phase I and Phase II consist of 8 buildings (a total of 96 condominium units), each of which has been constructed and is fully sold and occupied. The construction of Phase 3, which consists of 3 buildings and a total of 36 condominium units, is constructed. All of the units which comprise Phase 3 are under contract with prospective purchasers and a number of the units have already been sold and are presently being occupied. When the project is completed, there will be a total of 132 affordable housing units in 11 buildings.

In an effort to promote smart growth and green development and to maintain a significant amount of open space in the Town of Ramapo, approximately 40% of the Ramapo Commons site is remaining undeveloped green space. The site includes a Town of Ramapo park, which has state-of-the-art recreational areas for children to play, exercise, and assemble.

In addition, the RLDC built Provident Bank Park, a recreational facility in the Town of Ramapo that is a boon to the local economy and which generates new sales tax revenue that go directly to the County of Rockland. The state-of-the-art stadium provides a wonderful opportunity for affordable and fun entertainment for families and is home to the Rockland Boulders, an independent professional baseball team in the Can-Am League that won the league championship in 2014. The facility, which is also utilized for professional, college, and high-school baseball games, concerts, charity events, coaching clinics, and other special events, has become a destination point for people throughout the Lower Hudson Valley and Northern New Jersey since it opened in June 2011.

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. The ownership group has demonstrated a commitment to investing money into the local economy. 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 will receive revenue from the naming rights to the stadium, concessions, ticket sales, parking fees, base rent, and merchandise sales.

### **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, 2014

**ASSETS**

Current assets	
Cash and equivalents	\$ 64,524
Accounts receivable	328,222
Total Current Assets	<u>392,746</u>
Non-current assets	
Capital assets	
Land	8,338,047
Building	38,203,157
Less accumulated depreciation	<u>(3,355,773)</u>
Total Capital Assets (net of accumulated depreciation)	43,185,431
Real estate held for sale	<u>7,318,190</u>
Total Non-Current Assets	<u>50,503,621</u>
Total Assets	<u>50,896,367</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred amounts on refunding bonds	<u>747,477</u>
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**LIABILITIES**

Current liabilities	
Accounts payable	293,315
Accrued interest payable	325,267
Loans payable	3,178,873
Due to primary government	<u>2,500,000</u>
Total Current Liabilities	<u>6,297,455</u>
Non-current liabilities	
Due within one year	
Bonds payable	530,000
Due in more than one year	
Bonds payable	<u>26,356,767</u>
Total Non-Current Liabilities	<u>26,886,767</u>
Total Liabilities	<u>33,184,222</u>

**NET POSITION**

Net investment in capital assets	17,046,141
Unrestricted	<u>1,413,481</u>
Total Net Position	<u>\$ 18,459,622</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, 2014

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**OPERATING REVENUES**

Sale of real estate	\$ 3,052,907
Ticket sales	157,016
Concessions	12,500
Parking	34,375
Broadcasting	12,222
Concerts and events	541,463
Naming rights	124,609
Rental income	378,162

Total Operating Revenues 4,313,254

**OPERATING EXPENSES**

General and administrative	1,838
Legal	137,334
Salaries	158,789
Employee benefits	13,573
Advertising and promotion	903,386
Professional fees	28,000
Utilities	20,324
Insurance	59,869
Other	59,468
Depreciation and amortization	993,653

Total Operating Expenses 2,376,234

Income from Operations 1,937,020

**NON-OPERATING EXPENSES**

Interest expense (1,187,018)

Change in Net Position 750,002

**NET POSITION**

Beginning of Year 17,709,620

End of Year \$ 18,459,622

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, 2014

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash receipts from stadium operations	\$ 1,239,188
Cash receipts from real estate sales	15,998,255
Cash paid for real estate held for sale	(4,925,735)
Cash paid to employees	(172,362)
Cash paid for other expenses	<u>(1,617,885)</u>
Net Cash from Operating Activities	<u>10,521,461</u>

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

Acquisition of capital assets	(35,000)
Principal paid on bonds	(435,000)
Interest paid on bonds	(1,274,912)
Proceeds from loans	5,180,683
Payments on line of credit	(470,000)
Payments on amounts due to primary government	(580,000)
Payments on loans	<u>(12,989,133)</u>

Net Cash from Capital and Related Financing Activities	<u>(10,603,362)</u>
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Net Change in Cash and Equivalents	(81,901)
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Cash and Equivalents - Beginning of Year	<u>146,425</u>
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Cash and Equivalents - End of Year	<u><u>\$ 64,524</u></u>
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**RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES**

Operating income	\$ 1,937,020
Adjustments to reconcile operating income to net cash from operating activities	
Depreciation and amortization	993,653
Changes in operating assets and liabilities	
Accounts receivable	(21,159)
Real estate held for sale	8,019,613
Accounts payable	<u>(407,666)</u>

Net Cash from Operating Activities	<u><u>\$ 10,521,461</u></u>
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Non-cash Financing Activities	
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, 2014

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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, as amended by Statement No. 61, 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, 2014

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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 reported deferred outflows of resources of \$747,477 net of amortization in the current year 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, deferred outflows of resources and liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is, March 9, 2015.

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

Notes to Financial Statements (Continued)  
December 31, 2014

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

**Capital Assets**

Class	Balance January 1, 2014	Additions	Balance December 31, 2014
Capital assets, not being depreciated			
Land	\$ 8,338,047	\$ -	\$ 8,338,047
Capital assets, being depreciated			
Buildings and improvements	\$ 38,168,157	\$ 35,000	\$ 38,203,157
Less accumulated depreciation for Buildings and improvements	2,389,782	965,991	3,355,773
Total Capital Assets, being depreciated	\$ 35,778,375	\$ (930,991)	\$ 34,847,384
Capital assets, net	\$ 44,116,422	\$ (930,991)	\$ 43,185,431

**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, 2014	Additions	Sales	Balance December 31, 2014
\$ 15,337,803	\$ 4,925,735	\$ 12,945,348	\$ 7,318,190

The Corporation capitalizes interest during construction. Interest cost capitalized as of December 31, 2014 is \$138,656.

**Due to Primary Government**

Due to primary government of \$2,500,000 at December 31, 2014, 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, 2014

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

**Long-Term Liabilities**

The following table summarizes changes in the Corporation's long-term indebtedness for the year ending December 31, 2014:

	Balance January 1, 2014	New Issues/ Additions	Maturities and/or Payments	Balance December 31, 2014	Due Within One Year
Bonds Payable - Capital Construction	\$ 25,000,000	\$ -	\$ 435,000	\$ 24,565,000	\$ 530,000
Plus - Issuance premium	2,407,758	-	85,991	2,321,767	-
Total Long-Term Liabilities	<u>\$ 27,407,758</u>	<u>\$ -</u>	<u>\$ 520,991</u>	<u>\$ 26,886,767</u>	<u>\$ 530,000</u>

**Loans**

The Corporation has one loan outstanding from Sterling National Bank for the purchase of land and construction of buildings, thereon. The details of the loan is as follows:

Original Amount	Maturity Date	Interest Rate	Balance December 31, 2014
\$ 6,900,000	07/01/15	Prime + 1 %	\$ 3,178,873

The above loan is guaranteed by the Town and is secured by the land. Interest expenses incurred on the loan above and additional loans which matured during the 2014 year for the year ended December 31, 2014 was \$156,449. Interest costs capitalized during the year were \$138,656.

**Revenue Bonds Payable**

Bonds payable at December 31, 2014 are comprised of the following:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Amount Outstanding at December 31, 2014	Amount Amount Due in One Year
Refunding-Baseball Stadium Project	2013	\$ 25,000,000	March, 2041	1.5-5.0%	<u>\$ 24,565,000</u>	<u>\$ 530,000</u>

Interest expense incurred on the revenue bond for the year ended December 31, 2014 were \$1,030,569.

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

Notes to Financial Statements (Continued)  
December 31, 2014

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

The annual requirements to amortize the bonded debt outstanding at December 31, 2014, including interest of \$19,303,200 are as follows:

Year Ending December 31,	Principal	Interest	Total
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	590,000	1,046,800	1,636,800
2020-2024	3,225,000	4,947,025	8,172,025
2025-2029	3,970,000	4,160,500	8,130,500
2030-2034	5,060,000	3,037,500	8,097,500
2035-2039	6,465,000	1,603,125	8,068,125
2040-2041	3,055,000	154,625	3,209,625
	<u>24,565,000</u>	<u>\$ 19,303,200</u>	<u>\$ 43,868,200</u>
Plus - Unamortized original issue premium	<u>2,321,767</u>		
	<u>\$ 26,886,767</u>		

The Town has guaranteed payment of bond principal and interest.

**Prior Year Defeasance**

In a prior year, the Corporation defeased serial bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the Corporation's financial statements. At December 31, 2014, all of the defeased bonds outstanding had been called for redemption.

**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.

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

Notes to Financial Statements (Continued)  
December 31, 2014

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**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.

**Note 6 - 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.

In July 2014 the Securities and Exchange Commission ("SEC") issued a subpoena to the Town requesting for voluntary disclosure of records from 2009-2014. The Town is cooperating with the inquiry and has provided the requested information to the SEC.

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

Notes to Financial Statements (Concluded)  
December 31, 2014

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**Note 6 - Other Matters (Continued)**

The Corporation received a subpoena dated May 14, 2013, 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.

The SEC issued a subpoena to the Corporation dated May 7, 2014, requiring that it provide to the SEC 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, the Town 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, 2014, and the related notes to the financial statements and have issued our report thereon dated March 9, 2015.

**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.

O'CONNOR DAVIES, LLP

500 Mamaroneck Avenue, Suite 301, Harrison, NY 10528 | Tel: 914.381.8900 | Fax: 914.381.8910 | [www.odpkf.com](http://www.odpkf.com)

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## **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 9, 2015

**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, 2014. 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, 2014.

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 9, 2015