

**VILLAGE OF PORT CHESTER**  
**INDUSTRIAL DEVELOPMENT AGENCY**  
**(A COMPONENT UNIT OF THE**  
**VILLAGE OF PORT CHESTER, NEW YORK)**  
*Basic Financial Statements, Required*  
*Supplementary Information and Other*  
*Information for the Years Ended May 31, 2015*  
*and 2014 and Independent Auditors' Reports*



**VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY**  
**(A COMPONENT UNIT OF THE VILLAGE OF PORT CHESTER, NEW YORK)**

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**Years Ended May 31, 2015 and 2014**

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# INTRODUCTORY SECTION



**VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY**  
**(A COMPONENT UNIT OF THE VILLAGE OF PORT CHESTER, NEW YORK)**  
**Members**  
**Year Ended May 31, 2015**

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<u>Name</u>	<u>Term</u>	<u>Term Ended</u>
Frank Ferrera (Chair)	December 2012	
Richard Cuddy	August 2010	
John Hiensch	February 1998	
Joseph Kenner	April 2009	April 2015
Neil Pagano	April 2009	July 2015
Dennis Pilla	April 2009	
James Taylor	October 2007	

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## FINANCIAL SECTION



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Certified Public Accountants

## **INDEPENDENT AUDITORS' REPORT**

To the Members of Village of Port Chester  
Industrial Development Agency:

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

We have audited the accompanying financial statements of the Village of Port Chester Industrial Development Agency (the "Agency"), a component unit of the Village of Port Chester, New York, as of and for the years ended May 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

The Agency's 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 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 auditor's 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 respective financial position of the Agency, as of May 31, 2015 and 2014, and the respective changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

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

### ***Other Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The Other Information, as listed in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The Other Information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2015 on our consideration of the Agency'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 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 Agency's internal control over financial reporting and compliance.



August 12, 2015

**VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY**  
**(A COMPONENT UNIT OF THE VILLAGE OF PORT CHESTER, NEW YORK)**  
**Management's Discussion and Analysis**  
**For the Years Ended May 31, 2015 and 2014**

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As management of the Village of Port Chester Industrial Development Agency (the "Agency") we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the years ended May 31, 2015 and 2014. This narrative should be read in conjunction with the Agency's financial statements which follow this section.

**Financial Highlights**

- The assets of the Agency exceed its liabilities (*net position*) at May 31, 2015 and 2014 by \$373,484 and \$312,930, respectively. These amounts are considered *unrestricted net position* and may be used to fund the Agency's ongoing operations.
- The Agency's total net position increased by \$60,554 and \$28,074 for the fiscal years ended May 31, 2015 and 2014, respectively.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise of two components: the Agency's financial statements and notes to those financial statements. This report also contains other information in addition to the basic financial statements themselves.

**Required financial statements**—The financial statements are prepared using the accrual basis of accounting. The financial statements include:

The *statements of net position* present information on all of the Agency's assets, liabilities, and deferred outflows/inflows of resources, with the differences 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 Agency is improving or deteriorating.

The *statements of activities* present information showing how the Agency's net position changed during the most recent fiscal years. 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*.

The *statements of cash flows* present the cash provided and used during the fiscal years ended May 31, 2015 and 2014 and how it affects the cash balances at May 31, 2015 and 2014.

**Notes to the Financial Statements**—The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

**Financial Analysis**

The Agency provides administrative assistance to companies within the Village of Port Chester, New York (the "Village") and has limited operations. The Agency does not have any long-term debt or full time employees. The Agency's net position over time may serve as a useful indicator of financial

position. In the case of the Agency, assets exceeded liabilities by \$373,484 and \$312,930 at May 31, 2015 and 2014, respectively.

Table 1, shown below, presents condensed statements of net position at May 31, 2015, 2014, and 2013.

**Table 1—Condensed Statements of Net Position**

	May 31,		
	2015	2014	2013
Assets:			
Current assets	<u>\$ 379,319</u>	<u>\$ 318,360</u>	<u>\$ 286,658</u>
Liabilities:			
Current liabilities	<u>5,835</u>	<u>5,430</u>	<u>1,802</u>
Net Position:			
Unrestricted	<u>\$ 373,484</u>	<u>\$ 312,930</u>	<u>\$ 284,856</u>

The Agency's current assets were comprised of cash and cash equivalents, receivables and prepaid items. The total of these assets has increased in 2015 over the previous year as a result of operating activities.

The Agency's net position was primarily derived as a result of operating activities and there are no restrictions as to its use.

The Agency's revenue and expense activity produced the increase in net position of \$60,554 and \$28,074 for the fiscal years ended May 31, 2015 and 2014, respectively.

Table 2, shown below, presents a condensed version of the changes in net position for the years ended May 31, 2015, 2014, and 2013.

**Table 2—Condensed Statements of Changes in Net Position**

	Year Ended May 31,		
	2015	2014	2013
Operating revenues	\$ 176,550	\$ 57,063	\$ -
Operating expenses	<u>116,372</u>	<u>29,463</u>	<u>37,964</u>
Operating income (loss)	60,178	27,600	(37,964)
Nonoperating revenues	<u>376</u>	<u>474</u>	<u>538</u>
Change in net position	60,554	28,074	(37,426)
Net position—beginning	<u>312,930</u>	<u>284,856</u>	<u>322,282</u>
Net position—ending	<u>\$ 373,484</u>	<u>\$ 312,930</u>	<u>\$ 284,856</u>

Operating revenues are derived from the application and closing of transactions that assist businesses within the Village. This assistance can take the form of lease transactions, assistance with bond issuances or sales tax exemptions (which generally allow businesses to expand). During the year ended May 31, 2015 the Agency collected \$176,550 in application and closing fees, comparatively during the year ended May 31, 2014 the Agency collected \$57,063.

Operating expenses consist of closing costs as well as the cost of administration and consultants, who assist in locating, communicating and matching business needs to Agency programs of assistance.

Significant changes in revenues and expenses from 2014 to 2015 include:

- During the year ended May 31, 2015, operating revenues increased \$119,487 from the year ended May 31, 2014 as a result of increased application and closing fees.
- Operating expenses increased by \$86,909 in total, which was primarily caused by the increase in professional service expenses related to consultant, administrative, legal and economic development services.

Another important factor in the consideration of the fiscal condition is the Agency’s cash position and annual cash flows.

Table 3, presented below, presents a condensed version of the Agency’s statements of cash flows at May 31, 2015, 2014, and 2013.

**Table 3—Condensed Statements of Cash Flows**

	Year Ended May 31,		
	2015	2014	2013
Cash flows provided by (used for):			
Operating activities	\$ 66,583	\$ 31,337	\$ (42,389)
Investing activities	<u>376</u>	<u>474</u>	<u>538</u>
Net increase (decrease) in cash and cash equivalents	66,959	31,811	(41,851)
Cash and cash equivalents—beginning	<u>309,360</u>	<u>277,549</u>	<u>319,400</u>
Cash and cash equivalents—ending	<u>\$ 376,319</u>	<u>\$ 309,360</u>	<u>\$ 277,549</u>

The change in cash and cash equivalents in each year is reflective of the results of operations for each of the years presented.

**Capital Assets and Debt Administration**

The Agency has not acquired any capital assets nor issued any debt instruments during the fiscal years ended May 31, 2015 and 2014.

**Economic Factors**

The Agency’s basic purpose is to assist business growth and expansion in the Village of Port Chester, New York. The Agency does not rely on any form of taxpayer or other public support. The business and economic climate in the Village have been relatively steady over the past two years.

**Requests for Information**

This financial report is designed to provide a general overview of the Agency’s finances for interested individuals. Questions concerning any information in this report or requests for additional information should be directed to the Village of Port Chester Industrial Development Agency, Treasurer, 222 Grace Church Street, Port Chester, New York 10573.

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# BASIC FINANCIAL STATEMENTS



**VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY**  
**(A COMPONENT UNIT OF THE VILLAGE OF PORT CHESTER, NEW YORK)**  
**Statements of Net Position**  
**May 31, 2015 and 2014**

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	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 376,319	\$ 309,360
Receivables	-	3,000
Prepaid items	<u>3,000</u>	<u>6,000</u>
Total assets	<u>379,319</u>	<u>318,360</u>
 <b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	<u>5,835</u>	<u>5,430</u>
Total liabilities	<u>5,835</u>	<u>5,430</u>
 <b>NET POSITION</b>		
Unrestricted	<u>\$ 373,484</u>	<u>\$ 312,930</u>

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

**VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY**  
**(A COMPONENT UNIT OF THE VILLAGE OF PORT CHESTER, NEW YORK)**  
**Statements of Activities**  
**Years Ended May 31, 2015 and 2014**

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	<b>2015</b>	<b>2014</b>
Operating revenues:		
Administrative, application and other fees	\$ 500	\$ 3,500
Closing fees	176,050	53,563
Total operating revenues	176,550	57,063
Operating expenses:		
Administrative salaries	24,000	6,750
Professional services	82,236	13,113
Insurance	4,086	4,046
Secretarial	2,200	1,700
Membership fees	750	750
Rent	3,000	3,000
Postage and supplies	100	104
Total operating expenses	116,372	29,463
Operating income	60,178	27,600
Nonoperating revenues:		
Interest earnings	376	474
Change in net position	60,554	28,074
Net position—beginning	312,930	284,856
Net position—ending	\$ 373,484	\$ 312,930

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

**VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY**  
**(A COMPONENT UNIT OF THE VILLAGE OF PORT CHESTER, NEW YORK)**  
**Statements of Cash Flows**  
**Years Ended May 31, 2015 and 2014**

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	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received for services provided	\$ 176,550	\$ 57,063
Payments made for operating costs	<u>(109,967)</u>	<u>(25,726)</u>
Net cash provided by operating activities	<u>66,583</u>	<u>31,337</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest earned	<u>376</u>	<u>474</u>
Net cash provided by investing activities	<u>376</u>	<u>474</u>
Net increase in cash and cash equivalents	66,959	31,811
Cash and cash equivalents—beginning	<u>309,360</u>	<u>277,549</u>
Cash and cash equivalents—ending	<u>\$ 376,319</u>	<u>\$ 309,360</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	<u>\$ 60,178</u>	<u>\$ 27,600</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Decrease (increase) in receivables	3,000	(2,891)
Decrease in prepaid items	3,000	3,000
Increase in accounts payable	<u>405</u>	<u>3,628</u>
Total adjustments	<u>6,405</u>	<u>3,737</u>
Net cash provided by operating activities	<u>\$ 66,583</u>	<u>\$ 31,337</u>

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

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**VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY**  
**(A COMPONENT UNIT OF THE VILLAGE OF PORT CHESTER, NEW YORK)**  
**Notes to the Financial Statements**  
**Years Ended May 31, 2015 and 2014**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Village of Port Chester Industrial Development Agency (the “Agency”), a component unit of the Village of Port Chester, New York, was created by the New York State Legislature under the provisions of Chapter 632 of the Laws of New York State. The Agency was established for the purpose of encouraging economic growth in the Village of Port Chester, New York (the “Village”). Members of the governing board of the Agency are appointed by the Village Board. The Agency is exempt from Federal, State and local income taxes.

***Reporting Entity***

The Agency has been identified as a component unit of the Village. In accordance with the Governmental Accounting Standards Board (“GASB”), the Agency’s financial statements have been discretely presented in the Village’s financial statements.

***Basis of Presentation***

The financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America. Significant accounting policies are listed below.

***Basis of Accounting***

The accounts of the Agency are maintained on the accrual basis of accounting.

***Industrial Development Revenue Bond and Note Transactions***—Certain industrial development agency revenue bonds and notes issued are secured by property which is leased to companies and the bonds are retired by lease payments. The bonds and notes are not obligations of the Agency, the Village or the State of New York. The Agency does not record the assets or liabilities resulting from completed bond and note issues in its accounts, since its primary function is to arrange the financing between the borrowing companies and the bond and note holders. Funds arising there from are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives bond administration fees from the borrowing companies. The fee received by the Agency ranges from a quarter of a percent up to two percent of the borrowing. Such administrative fee income is recognized immediately upon issuance of bonds and notes.

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position***

***Cash, Cash Equivalents and Investments***—Cash, cash equivalents and investments consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash and have a maturity date within 90 days or less from the date of acquisition. The Agency had no investments at May 31, 2015; however, when the Agency does have investments they are recorded at fair value based on quoted market value.

***Prepaid Items***—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

***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, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At May 31, 2015 and 2014, the Agency does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a futures period and so will not be recognized as an inflow of resources (revenue) until that time. At May 31, 2015 and 2014, the Agency does not have any items that qualify for reporting in this category.

***Net Position Flow Assumption***—Sometimes the Agency will fund outlays for a particular purpose from both restricted (e.g., restricted loan or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Agency's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

#### ***Other***

***Estimates***—The preparation of 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 revenues and expenses during the reporting period and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

***Adoption of New Accounting Pronouncements***—During the year ended May 31, 2015, the Agency implemented GASB Statements No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*, No. 69, *Government Combinations and Disposals of Government Operations*, and No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of GASB Statement No. 67 is to improve financial reporting by state and local governmental pension plans. This Statement replaces GASB Statement No. 25 and Statement No. 50. The objective of GASB Statement No. 69 is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. The objective of GASB Statement No. 70 is to improve financial reporting by state and local governments that extend and receive nonexchange financial guarantees. GASB Statements No. 67, 69, and 70 did not have a material impact on the Agency's financial position or results from operations.

***Future Impacts of Accounting Pronouncements***—The Agency has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—and amendment of GASB Statement No. 68*, effective for the fiscal year ending May 31, 2016, No. 72, *Fair Value Measurement and Application*, No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, and No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for the fiscal year ending May 31, 2017, No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, effective for the year ending May 31, 2018, and No. 75, *Accounting and Financial Reporting by Employers for Post-*

*employment Benefits Other Than Pensions*, effective for the year ending May 31, 2019. The Agency is, therefore, unable to disclose the impact that adopting GASB Statements No. 68, 71, 72, 73, 74, 75 and 76 will have on its financial position and results of operations when such statements are adopted.

## 2. CASH AND CASH EQUIVALENTS

The Agency’s investment policies are governed by New York State statutes. There were no investments at May 31, 2015 or 2014. All deposits are carried at fair value. Collateral is required for all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

**Deposits**—All deposits are carried at fair value at May 31, 2015 and 2014 as shown below:

	May 31, 2015		May 31, 2014	
	Bank Balance	Carrying Amount	Bank Balance	Carrying Amount
Insured (FDIC)	\$ 376,319	\$ 376,319	\$ 309,360	\$ 309,360

**Custodial Credit Risk—Deposits**—Custodial credit risk is the risk that in the event of a bank failure, the Agency’s deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. At May 31, 2015 and 2014, the Agency’s deposits were fully FDIC insured.

## 3. RECEIVABLES

**Receivables**—Receivables at May 31, 2015 and 2014 are as follows:

	May 31,	
	2015	2014
Accounts receivable	-	\$ 3,000

## 4. REVENUE BONDS AND STRAIGHT-LEASE TRANSACTIONS

The Agency is an issuer of tax-exempt bond financing secured by property, which is leased to businesses. The bonds are the obligations of the borrower. The Agency’s primary function is to arrange the financing between the borrowing companies and the bond and note holders. The funds arising from these transactions are controlled by trustees or banks acting as fiscal agents, accordingly the Agency does not record the assets or liabilities resulting from the completed bond and note issued within its financial statements.

The Agency (referred to as the “PCIDA” in the following table) receives administrative fees in exchange for the services provided. The fee schedule can be found on the following page.

Transaction	Application Fee	Fee
Taxable and Tax Exempt Industrial Development Revenue Bonds	A non-refundable fee of \$2,500 and a \$500 processing fee are payable to the PCIDA at the time the application is submitted. The \$2,500 fee will be credited towards the total fee at closing.	First \$10 million - 1% of the principal amount of the bond series. Over \$10 million - 0.5% of the bond series. Annual (post-closing) administrative fee of \$1,500.
Tax Exempt Civic Facility Bonds	A non-refundable fee of \$2,500 and a \$500 processing fee are payable to the PCIDA at the time the application is submitted. The \$2,500 fee will be credited towards the total fee at closing.	First \$10 million - 1% of the bond series. Over \$10 million - 0.5% of the bond series. Annual administrative fee (post-closing) of \$1,500 (waivable).
Straight Lease Transactions (including PILOT Agreement)	A non-refundable fee of \$2,500 and a \$500 processing fee are payable to the PCIDA at the time the application is submitted. The \$2,500 fee will be credited towards the total fee at closing.	First \$10 million - 1%. Project Costs in excess of \$10 million - 0.5%. Annual administrative fee of \$500.
Sales Tax and/or Mortgage Recording Tax only Transactions (No PILOT Agreement)	A non-refundable fee of \$2,500 and a \$500 processing fee are payable to the PCIDA at the time the application is submitted. The \$2,500 fee will be credited towards the total fee at closing.	Minimum \$4,500 or 10% estimated exemption amount, whichever is greater. Annual administrative fee of \$500.

## 5. RELATED PARTY TRANSACTIONS

The Village is considered a related entity since the Mayor and a Board of Trustees Member also serve as Members of the Agency, the Village Treasurer also serves as the Treasurer of the Agency, and the Village Manager also serves as the Administrative Director of the Agency.

The Village provides the Agency with administrative services. The cost of these services has been included as expenses on the Agency's statement of activities. During the years ended May 31, 2015 and 2014, the Agency independently contracted with the Village Treasurer to perform administrative services at a cost of \$6,000 annually. During the years ended May 31, 2015 and 2014, the Agency independently contracted with the Village Manager to perform administrative services at a cost of \$18,000 and \$750, respectively. The Agency also prepays the Village its annual rent of \$3,000.

## 6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 12, 2015, which is the date the financial statements are available for issuance, and has determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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## OTHER INFORMATION



**VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY**  
**(A COMPONENT UNIT OF THE VILLAGE OF PORT CHESTER, NEW YORK)**  
**Schedule of Issuances and Outstanding Balances**  
**Year Ended May 31, 2015**

Project/Address	Purpose	Federal Tax Status	Issue/ Maturity	Interest Rate	Original Issuance	Principal Outstanding 6/1/2014	Redeemed	Principal Outstanding 5/31/2015
Kingsport Apartments LP 245 King Street	Acquisition and improvement of building structure	Exempt	2011/2046	5.70%	\$ 13,500,000	\$ 13,153,843	\$ 144,083	\$ 13,009,760
Kingsport Apartments LP 245 King Street	Acquisition and improvement of building structure	Exempt	2011/2051	9.00%	1,000,000	1,000,000	-	1,000,000
Southport Mews Preservation LP 50 South Main Street	Acquisition and improvement of building structure	Exempt	2004/2039	6.55%	3,744,000	3,453,243	48,222	3,405,021
Southport Mews Preservation LP 51 South Main Street	Acquisition and improvement of building structure	Exempt	2004/2024	6.55%	574,000	393,046	26,602	366,444
Total					<u>\$ 18,818,000</u>	<u>\$ 18,000,132</u>	<u>\$ 218,907</u>	<u>\$ 17,781,225</u>

**VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY**  
**(A COMPONENT UNIT OF THE VILLAGE OF PORT CHESTER, NEW YORK)**  
**Schedule of Payments in Lieu of Taxes**  
**Year Ended May 31, 2015**

Project	Project Address	Pilot Payments					Total
		School	Village	Town	County		
Kingsport Apartments LP Impact Fee	245 King Street	\$ -	\$ 20,000	\$ -	\$ -	\$ 20,000	
Kingsport Apartments LP	245 King Street	31,046	14,226	80	4,648	50,000	
Southport Mews Preservation LP	50 South Main Street	69,300	18,234	10,148	-	97,682	
JMDH Real Estate of Port Chester, LLC	305 South Regent Street	260,627	119,424	678	39,017	419,746	
G&S Port Chester Unit Lease III, LLC	Westchester Avenue	513,871	235,466	1,336	76,929	827,602	
G&S Port Chester Unit 2A, LLC	Purdy Avenue	90,368	41,408	235	13,528	145,539	
G&S Port Chester Unit Lease I, LLC	Westchester Avenue	727,101	333,171	1,891	108,850	1,171,013	
G&S Port Chester Unit 4A, LLC	South Main Street	23,122	10,595	60	3,461	37,238	
G&S Port Chester Unit 2B, LLC	Main Street and Westchester Avenue	13,444	6,161	35	2,013	21,653	
G&S Port Chester Unit 2C, LLC	North Main Street and Adee Street	30,765	14,097	80	4,606	49,548	
Total		<u>\$ 1,759,644</u>	<u>\$ 812,782</u>	<u>\$ 14,543</u>	<u>\$ 253,052</u>	<u>\$ 2,840,021</u>	

Estimate of the number of full-time equivalent (FTE) jobs created and retained by each project—808.

**VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY**  
**(A COMPONENT UNIT OF THE VILLAGE OF PORT CHESTER, NEW YORK)**  
**Schedule of Agency Investments**  
**Year Ended May 31, 2015**

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**Annual Investment Report**—§2925(6) of Public Authorities Law of the State of New York requires that each public authority must annually prepare an investment report which shall include (a) investment guidelines, (b) amendments to such guidelines since the last investment report, (c) an explanation of the investment guidelines and amendments, (d) results of the annual independent audit, (e) the investment income record of the Agency, and (f) a list of the total fees, commissions or other charges paid to each investment banker, broker, dealer and adviser rendering investment associated services to the Agency since the last investment report.

- a. Investment guidelines—The Agency’s investment policies are governed by State statutes. In addition, the Agency has its own written investment policy which was adopted by the Members of the Agency.
- b. Amendments to guidelines—None.
- c. Explanation of guidelines and investments—These guidelines restrict investment of Agency funds to money market accounts and certificates of deposit. The Agency has not made any amendments to its investment policy.
- d. Results of the annual independent audit—The independent auditors have issued an unmodified opinion on the Agency’s financial statements for the year ended May 31, 2015.
- e. Investment income record—Investment income for the year ended May 31, 2015 consisted of:

	Interest Earned
Interest earned on cash and cash equivalents	<u>\$ 376</u>

- f. List of the total fees, commissions or other charges paid to each investment banker, broker, dealer and adviser rendering investment associated services to the Agency since the last investment report—No such fees or commissions were paid during the year ended May 31, 2015.

**VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY**  
**(A COMPONENT UNIT OF THE VILLAGE OF PORT CHESTER, NEW YORK)**  
**Real Property Listing**  
**Year Ended May 31, 2015**

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1. **Real Property List**—§2896(3) of Public Authorities Law of the State of New York requires that each public authority must publish, at least annually, a report listing all real property of the authority. At May 31, 2015, the Agency reported no real property.
2. **Real Property Acquisitions**—There were no real property acquisitions during the year ended May 31, 2015.
3. **Real Property Dispositions**—There were no real property dispositions during the year ended May 31, 2015.

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Certified Public Accountants

**INDEPENDENT AUDITORS' 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**

To the Members of Village of Port Chester  
Industrial Development Agency:

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 Village of Port Chester Industrial Development Agency (the "Agency"), a component unit of the Village of Port Chester, New York, as of and for the years ended May 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated August 12, 2015.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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 Agency'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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings as item 2015-001.

## **Agency's Response to Finding**

The Agency's response to the finding identified in our audit is described in the accompanying schedule of findings. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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 Agency'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



August 12, 2015

**VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY**  
**(A COMPONENT UNIT OF THE VILLAGE OF PORT CHESTER, NEW YORK)**  
**Schedule of Findings**  
**Year Ended May 31, 2015**

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*We consider the deficiency presented below to be an instance of noncompliance.*

**Finding 2015-001—PILOT Payment Distribution**

*Criteria:* New York State General Municipal Law requires the IDA to send PILOT payments collected to each affected taxing jurisdiction within 30 days of receipt.

*Condition and Context:* During our testing of the collection and subsequent distribution of PILOT payments to the appropriate taxing jurisdictions, 5 instances were noted where PILOT payments received were not distributed within 30 days of receipt.

*Effect or Potential Effect:* The Agency is not in compliance with New York State General Municipal Law, Article 18-A and Title 1 of the New York State Industrial Development Agency Act, Section 874, tax exemptions paragraph (3).

*Cause:* The Agency Treasurer was under the impression that authorizations for PILOT payments must occur at monthly member meetings; however State Law authorizes the Treasurer to process disbursement to appropriate taxing jurisdictions without member approval.

*Recommendation:* We recommend the Treasurer process payments PILOT payments in compliance with State Law.

*Management's Corrective Action Plan:* The Treasurer was made aware that PILOT payments do not require member authorization and will distribute all future PILOT payments within 30 days of receipt.

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