

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

Financial Statements
and Supplementary Information

Years Ended December 31, 2015 and 2014

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

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Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Westchester County Local Development Corporation ("Corporation") (a component unit of the County of Westchester, New York) as of and for the years ended December 31, 2015 and 2014 and the related notes to the financial statements which collectively comprise the LDC'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 opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Corporation as of December 31, 2015 and 2014 and the respective changes in net position and 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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2016 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 2, 2016 on our consideration of the Corporation'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.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

March 2, 2016

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

Management's Discussion and Analysis (MD&A)
December 31, 2015

Compliance and Accountability

The Westchester County Local Development Corporation ("Corporation") was formed in 2012 and amended and restated its' By-laws in April 2013 and March 2016. The Corporation was created as an important source of financial assistance to not-for-profit organizations located or established in the County of Westchester ("County"), and for those not-for-profit organizations relocating to the County. The second amended and restated By-laws dated March 2, 2016 expanded financial assistance to public benefit corporations.

In accordance with the 2005 Public Authorities Accountability Act and the 2009 Public Authorities Reform Act, the Corporation has adopted By-laws, and annually adopts its Mission Statement with Performance Measure Report and the Corporation's policies and procedures. The Corporation's management is under the direction of the seven (effective March 2, 2016) elected and appointed members of the Board.

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

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

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

Financial Highlights

Change in Net Position

The change in net position of (\$104,327) for 2015 was less than the 2014 change in net position of \$197,634 by \$301,961. This decrease of \$301,961 is primarily due to decreased 2015 closing fees of \$249,269 from 2014, decreased other revenues of \$2,398 from 2014, an increase for personal services and related fringe benefits of \$44,410, and an increase in 2015 other operating expenses of \$5,884 over 2014.

Liquidity

Cash and equivalents decreased by \$68,824 in 2015. The overall decrease in cash and equivalents is due to the 2015 receipt from customers of \$70,728, partially offset by cash payments for personal services and fringe benefits of \$79,290 and other administrative costs of \$60,262. The Corporation has sufficient cash and equivalents to fund future operating needs.

Requests for Information

This financial report is designed to provide a general overview of the Corporation'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 Executive Director, County of Westchester, Local Development Corporation, 148 Martine Avenue, White Plains, New York 10601.

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

Comparative Statement of Net Position
December 31,

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and equivalents	\$ 356,726	\$ 425,550
Prepaid expenses	<u>5,327</u>	<u>5,245</u>
Total Assets	<u>362,053</u>	<u>430,795</u>
LIABILITIES		
Accounts payable	13,825	17,302
Due to Westchester County	<u>62,221</u>	<u>23,159</u>
Total Liabilities	<u>76,046</u>	<u>40,461</u>
NET POSITION		
Unrestricted	<u>\$ 286,007</u>	<u>\$ 390,334</u>

See notes to financial statements.

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

Comparative Statement of Activities
Years Ended December 31,

	<u>2015</u>	<u>2014</u>
OPERATING REVENUES		
Charges for services		
Closing fees	\$ 69,656	\$ 318,925
Application and administrative fees	500	1,000
Other contractual fees	<u>572</u>	<u>2,470</u>
Total Operating Revenues	<u>70,728</u>	<u>322,395</u>
OPERATING EXPENSES		
Personal services	69,065	42,540
Fringe benefits	43,512	25,627
Professional fees	26,325	23,302
Accounting - Internal	20,000	20,000
Insurance	7,721	6,893
Legal notices	572	3,510
Miscellaneous	<u>7,860</u>	<u>2,889</u>
Total Operating Expenses	<u>175,055</u>	<u>124,761</u>
Income from (Loss) Operations	(104,327)	197,634
NET POSITION		
Beginning of year	<u>390,334</u>	<u>192,700</u>
End of year	<u>\$ 286,007</u>	<u>\$ 390,334</u>

See notes to financial statements.

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

Comparative Statement of Cash Flows
Year Ended December 31,

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from charges for services	\$ 70,728	\$ 322,395
Cash paid for personal services and fringe benefits	(79,290)	(50,633)
Cash paid for administrative costs	<u>(60,262)</u>	<u>(42,099)</u>
Net Cash from Operating Activities	(68,824)	229,663
CASH AND EQUIVALENTS		
Beginning of year	<u>425,550</u>	<u>195,887</u>
End of year	<u>\$ 356,726</u>	<u>\$ 425,550</u>
RECONCILIATION OF INCOME (LOSS) FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income (loss) from operations	\$ (104,327)	\$ 197,634
Adjustments to reconcile income (loss) from operations to net cash from operating activities		
Prepaid expenses	(82)	(813)
Accounts payable	(3,477)	9,683
Due to Westchester County	<u>39,062</u>	<u>23,159</u>
Net Cash from Operating Activities	<u>\$ (68,824)</u>	<u>\$ 229,663</u>

See notes to financial statements.

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

Notes to Financial Statements
December 31, 2015 and 2014

Note 1 - Organization

The Westchester County Local Development Corporation ("Corporation") was incorporated in 2012 under Section 1411 of the Not-For-Profit Corporation Law of the State of New York and amended and restated its' By-laws in April 2013 and March 2016. The Corporation was created as an important source of financial assistance to not-for-profit organizations located or established in the County of Westchester, New York ("County") and for those not-for-profit organizations relocating to the County. The second amended and restated By-laws dated March 2, 2016 expanded financial assistance to public benefit corporations. The Corporation is exempt from Federal, State and local income taxes.

The Corporation is a separate entity and operates independently of the County. The governing board of directors consists of seven members (effective March 2, 2016) elected and appointed based on the Corporation's membership body of three members which are divided into three classes. The Class A Member of the Corporation shall be the County acting by and through the County Executive and the other Class Members of the Corporation shall be the County acting by and through the Majority Leader (Class B) and Minority Leader (Class C) of the County Board of Legislators.

Note 2 - Summary of Significant Accounting Policies

Financial Reporting Entity

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

Basis of Accounting

The accounting policies of the Corporation conform to generally accepted accounting principles as applicable to governmental units. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Corporation reports its operations on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Cash and Equivalents

Cash and equivalents consist of funds deposited in demand deposit accounts. Collateral is required for these deposits at 102% of all deposits not covered by Federal deposit insurance. The Corporation 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 districts subdivisions.

Net Position

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

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

Notes to Financial Statements (Concluded)
December 31, 2015 and 2014

Note 2 - Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from 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 March 2, 2016.

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

Certain revenue bonds and notes issued by the Corporation are secured by property, which is leased to companies. The bonds and notes are not obligations of the Corporation or the State. The Corporation does not record the assets or liabilities resulting from completed bond and note issues in its accounts since its primary function is to arrange the financing between the borrower and the bond and note holders, and funds arising therefrom are controlled by trustees or banks acting as fiscal agents.

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

Note 4 - Related Party Transaction

For 2015 and 2014, the Corporation and the County entered into an agreement for the County to provide administrative personnel and services commencing on January 1 and ending December 31. The parties currently intend to enter into annual renewals on financial terms to be negotiated each year, as approved by directors of the Corporation and by the County's Board of Acquisition and Contracts.

The following administrative service amounts were charged by the County to the Corporation for the years ended December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Personal services and fringe benefits	\$ 112,577	\$ 68,167
Other administrative costs and space	<u>22,800</u>	<u>22,500</u>
Total	<u>\$ 135,377</u>	<u>\$ 90,667</u>
Due to County at December 31	<u>\$ 62,221</u>	<u>\$ 23,159</u>

SUPPLEMENTARY INFORMATION

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

Supplemental Information
Schedule of Indebtedness- Bonds and Notes Issued, Outstanding or Retired
December 31, 2015

Project	Kendal on Hudson	Purchase College Foundation Housing Corp.	Phelps Memorial Hospital Association	Pace University Series A	Pace University Series B
Year of Issue	2013	2013	2013	2014	2014
Original Issue Value	\$64,330,000	\$15,095,000	\$14,000,000	\$85,665,000	\$14,925,000
Outstanding Balance at January 1, 2015	62,885,000	14,535,000	13,440,000	85,665,000	14,925,000
New Issues	-	-	-	-	-
Payments	2,090,000	580,000	560,000	-	-
Outstanding Balance at December 31, 2015	60,795,000	13,955,000	12,880,000	85,665,000	14,925,000
Project Address	1010 Kendal Way Sleepy Hollow, N.Y. 10591	735 Anderson Hill Road Purchase, N.Y. 10577	701 North Broadway Sleepy Hollow, N.Y. 10591	861 & 901 Bedford Road Pleasantville, NY 78 North Broadway White Plains, NY	861 & 901 Bedford Road Pleasantville, NY 78 North Broadway White Plains, NY
Owner	Kendal on Hudson	Purchase College Foundation Housing Corp.	Phelps Memorial Hospital Association	Pace University	Pace University
Owner Address	same as project address	same as project address	same as project address	One Pace Plaza, 18th Fl New York, NY 10038	One Pace Plaza, 18th Fl New York, NY 10038
Project Purpose Code	Other	Other	Construction	Construction	Construction
Interest Rate	yields from 2.00% to 5.00%	yields from 3.00% to 5.00%	3.32%	yields from 5% to 5.5%	3.00%
Maturity Date	1/1/2034	12/1/2031	12/1/2038	5/1/2042	5/1/2044
Federal Tax Status	Tax Exempt	Tax Exempt	Tax Exempt	Tax Exempt	Tax Exempt

Kendal on Hudson	Northern Westchester Hospital Association	YWCA of White Plains and Central Westchester	Wartburg Senior Housing, Inc.	Wartburg Senior Housing, Inc.	Guiding Eyes For The Blind
2014	2014	2014	2015	2015	2015
\$18,000,000	\$33,000,000	\$4,000,000	\$10,755,000	\$330,000	\$3,660,000
18,000,000	33,000,000	4,000,000	-	-	-
-	-	-	10,755,000	330,000	3,660,000
-	-	181,941	-	-	-
18,000,000	33,000,000	3,818,059	10,755,000	330,000	3,660,000
1010 Kendal Way Sleepy Hollow, NY 10591	400 East Main Street Mount Kisco, NY	515 North Street White Plains, NY 10605 69 North Broadway White Plains, NY	One Wartburg Place Mount Vernon, NY 10552	One Wartburg Place Mount Vernon, NY 10552	611 Granite Spring Road Yorktown Heights, NY 10598
Kendal on Hudson	Northern Westchester Hospital Association	YWCA of White Plains and Central Westchester	Wartburg Senior Housing, Inc.	Wartburg Senior Housing, Inc.	Guiding Eyes For The Blind, Inc.
same as project address	same as project address	515 North Street White Plains, NY 10605	same as project address	same as project address	same as project address
Construction	Construction	Other	Other	Other	Construction
3.34%	3.28%	3.42%	3.75% & 5%	4.00%	2.08%
5/1/2041	8/1/2039	12/1/2024	6/1/2030	6/1/2016	8/15/2024
Tax Exempt	Tax Exempt	Tax Exempt	Tax Exempt	Taxable	Tax Exempt

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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**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Westchester County Local Development Corporation ("Corporation") (a component unit of the County of Westchester, New York) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Corporation's financial statements, and have issued our report thereon dated March 2, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

March 2, 2016



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

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

We have examined the Westchester County Local Development Corporation's ("Corporation") (a component unit of the County of Westchester, New York) compliance with Section 2925(3)(f) of the New York State Public Authorities Law during the year ended December 31, 2015. 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, 2015.

This report is intended solely for the information and use of management, the Board of Directors, officials of the County of Westchester, and the Office of the State Comptroller of the State of New York. It is not intended to be and should not be used by anyone other than these specified parties.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

March 2, 2016