

City of New Rochelle Corporation for Local Development

**(A Discretely Presented Component Unit of the
City of New Rochelle, New York)**

**Financial Statements as of
December 31, 2018
Together with
Independent Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

March 13, 2019

To the Board of Directors of
New Rochelle Corporation for Local Development:

We have audited the accompanying financial statements of the City of New Rochelle - Corporation for Local Development (Corporation) (a public benefit corporation and a discretely presented component unit of the City of New Rochelle, New York), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic 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.

Auditor's 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 continued in Government Audit 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 opinion.

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(Continued)

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation, as of December 31, 2018, and the respective changes in its financial position and its cash flows thereof for the year 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 on pages 3 - 8 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 audit 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 audit was for the purpose of forming an opinion on the financial statements that collectively comprise the City of New Rochelle Corporation for Local Development's basic financial statements. The Schedule of Budget with Actual Operating Amounts and Comparative Schedule of Actual Operating Amounts are presented for purposes of additional analysis and are not a required part of the basic financial statements.

These schedules have 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2019 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 solely 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 effectiveness of the Corporation's 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.

Bonadio & Co., LLP

**CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEARS ENDED DECEMBER 31, 2018**

The following is a discussion and analysis of the Corporation's financial performance for the fiscal year ended December 31, 2018. The section is a summary of the Corporation's financial activities based on currently known facts, decisions, or conditions. This section is only an introduction and should be read in conjunction with the Corporation's financial statements, which immediately follow this section.

Organization

The City of New Rochelle Corporation for Local Development, Corporation for Local Development created in 2013 under Sections 402 and 1411 of the New York Not-for-Profit Corporation Law for the purposes of relieving unemployment, bettering job opportunities and attracting or retaining business in the City of New Rochelle. The Board of Directors of the Corporation consist of the members of the Board of the New Rochelle Industrial Development Agency and are appointed by the City of New Rochelle. As such, the Corporation board members have complete responsibility for management of the Agency and accountability for all fiscal matters.

The Corporation is a separate entity and operates independently from the City of New Rochelle. (the City). However, because the City appoints its board of directors, the Corporation is financially accountable to the City and is also included in the City's financial statements as a component unit.

Financial Highlights

- During the current year of operations the Corporation's net position decreased by \$363,159.
- Total revenues for the fiscal year 2018 were \$601,356 an increase of \$599,640 or 34,944%.
- Total expenses for fiscal year 2018 were \$964,515, an increase of \$897,040 or 1,329% from the prior year.

Overview of Financial Statements

The basic financial statements include the statement of net position, statement of revenues, expenses and changes in net position, statement of cash flows, and notes to the financial statements. The Corporation also includes in this report additional information to supplement the basic financial statements.

The first of these statements is the Statement of Net Position. This is the statement of financial position presenting information that includes all of the Corporation's assets and liabilities, with the difference 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 Corporation as a whole is improving or deteriorating. Evaluation of the overall economic health of the Corporation must include other non-financial factors such as the economic picture of the City and the State, in addition to the financial information provided in this report.

The second statement is the Statement of Revenues, Expenses and Changes in Net Position, which reports how the Corporation's net position changed during the current and previous fiscal period. Revenue and expenses are included when earned or incurred, regardless of when cash is received or paid.

Overview of the Financial Statements (Continued)

The third statement is the Statement of Cash Flows, which shows the sources and uses of cash.

The accompanying Notes to the Financial Statements provide information essential to a full understanding of the financial statements.

Below is a summary of the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position for the year ended December 31, 2018:

Current assets increased \$431,255 or 743.8% primarily as a result of an increase in the cash and equivalents from the prior year by \$431,255. The increase in cash and equivalents was related to two transactions that were concluded in 2018, 277 NR Company, LLC project and the sale of 40 Memorial Highway. Noncurrent assets increased by \$23,636,621 or 100% primarily as a result of an increase in the restricted cash. The increase in restricted cash was due to new debt in the current year. (Refer to Note 4).

	Fiscal Year		Dollar Change	Percent Change
	2018	2017		
Current assets	\$ 489,238	\$ 57,983	\$ 431,255	743.8%
Noncurrent assets	<u>23,636,621</u>	<u>-</u>	<u>23,636,621</u>	100.0%
Total assets	<u>24,125,859</u>	<u>57,983</u>	<u>24,067,876</u>	41508.5%
Current liabilities	\$ 854	\$ 4,655	\$ (3,801)	-81.7%
Noncurrent liabilities	<u>24,434,836</u>	<u>-</u>	<u>24,434,836</u>	100.0%
Total liabilities	<u>24,435,690</u>	<u>4,655</u>	<u>24,431,035</u>	524834.3%
Net position:				
Restricted for debt services	(798,215)	-	(798,215)	100.0%
Unrestricted	<u>488,384</u>	<u>53,328</u>	<u>435,056</u>	815.8%
Total net position	<u>\$ (309,831)</u>	<u>\$ 53,328</u>	<u>(363,159)</u>	-681.0%

Noncurrent Liabilities increased by \$24,431,035 or 524,834.3%. Two components made up the significant increase. \$431,035 resulted from an increase in premium on bonds. In addition, \$24 million was the result of debt issued in the current year. (Refer to Note 4).

Overview of Financial Statements (Continued)

Summary of Changes in Net Position

	Fiscal Year		Dollar Change	Percent Change
	2018	2017		
Revenues:				
Fee income	\$ 436,956	\$ 1,500	\$ 435,456	29030.4%
Interest income	159,745	216	159,529	73856.0%
Miscellaneous	4,655	-	4,655	100.0%
Total revenues	<u>601,356</u>	<u>1,716</u>	<u>599,640</u>	<u>34944.1%</u>
Expenses:				
Contract services	500	10,000	(9,500)	-95.0%
Facility, equipment and design expenses	-	50,000	(50,000)	-100.0%
Insurance	182	182	-	0.0%
Accounting and legal fees	5,989	5,155	834	16.2%
General business expenses	10	2,138	(2,128)	-99.5%
Bond related issuance costs	625,239	-	625,239	100.0%
Interest expense	332,595	-	332,595	100.0%
Total expenses	<u>964,515</u>	<u>67,475</u>	<u>897,040</u>	<u>1329.4%</u>
Change in net position	<u>\$ (363,159)</u>	<u>\$ (65,759)</u>	<u>\$ (297,400)</u>	<u>452.3%</u>

Fee income increased by \$435,456 or 29,030.4% primarily as a result of increased application fees received in 2018.

Interest income increased by \$159,529 or 73,856.0% primarily as a result of the issuance of new debt in the current year. (Refer to Note 4).

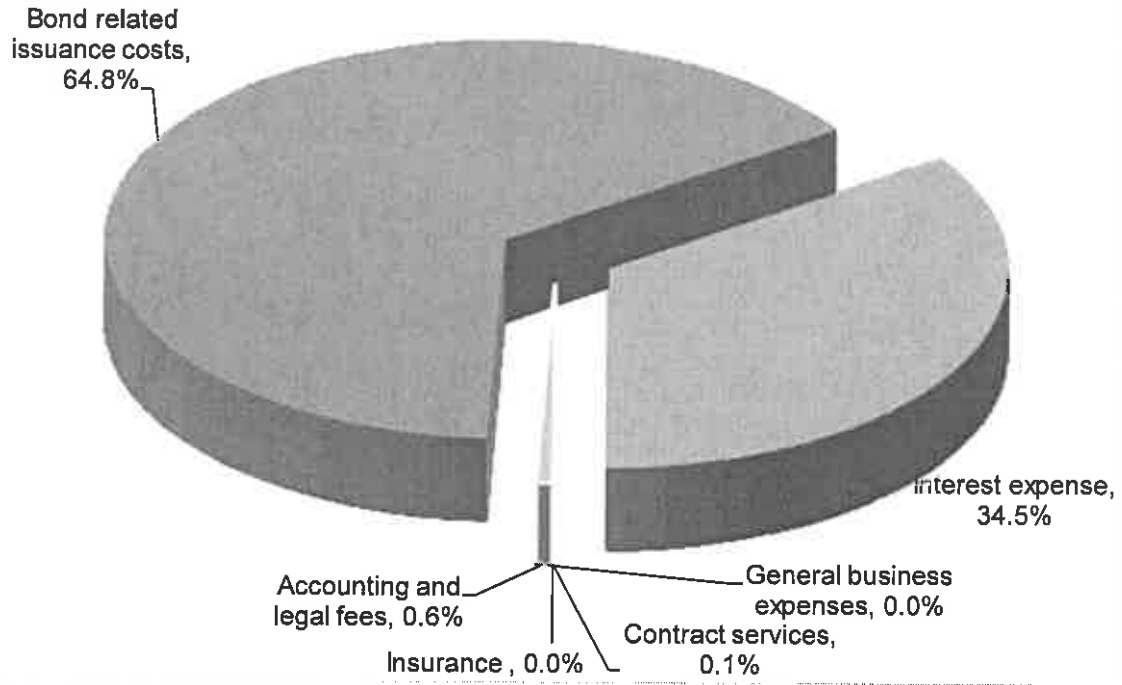
Bond related issuance increased by \$625,239 or 100% primarily as a result of agent fees which increased by \$330,000 or 100% and cost of issuance which increased by \$291,000 or 100%. Both are primarily due to the issuance of new debt in the current year. (Refer to Note 4).

Interest expense increased by \$332,595 or 100% primarily due to the issuance of new debt in the current year. (Refer to Note 4).

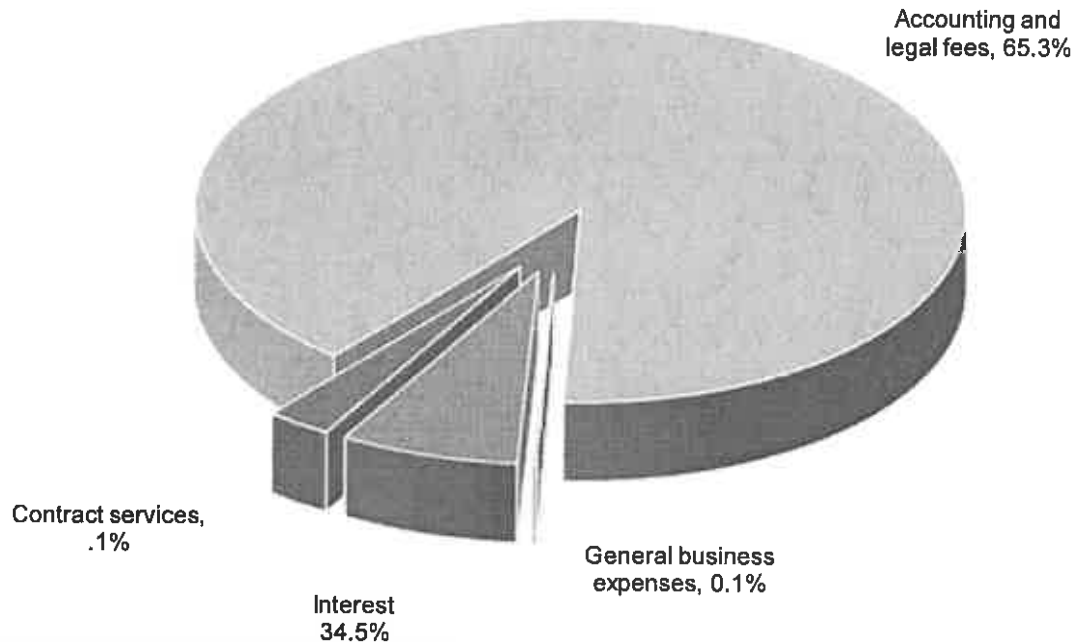
Overview of Financial Statements (Continued)

The Corporation's expenses by function were as follows:

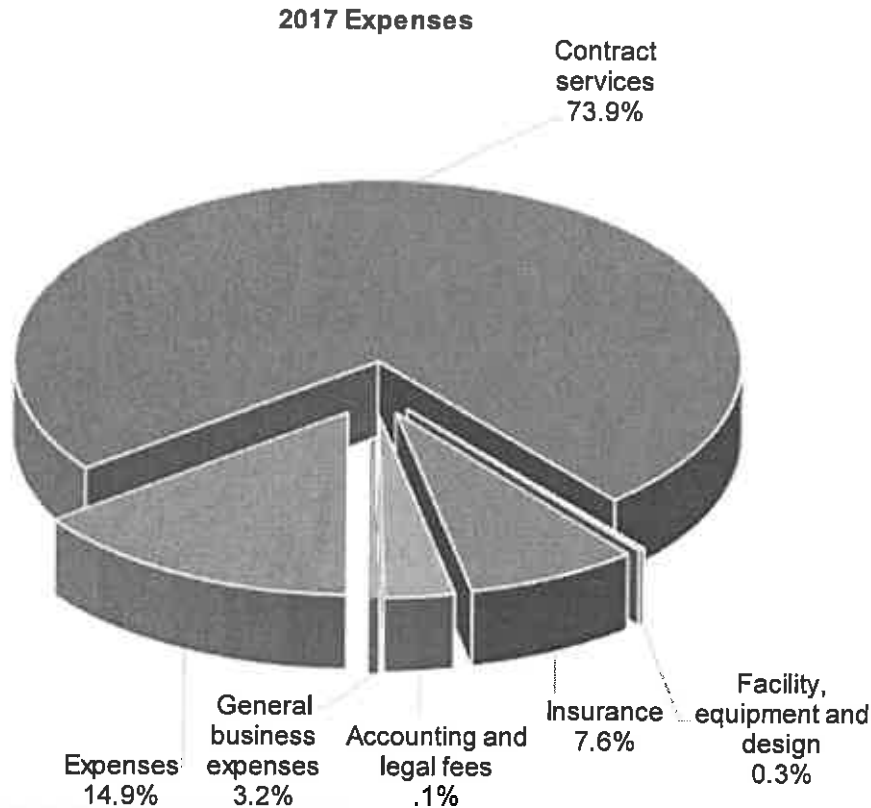
2018 Expenses



2018 Expenses (Excluding Bond Related Issuance Costs)



Overview of Financial Statements (Continued)



Budgetary Highlights

The Corporation adopts an annual budget and reports the results of operations on a budgetary comparison basis.

In preparing its budget, the Corporation attempts to estimate its revenues using realistic, but conservative, methods so as to budget its expenditure appropriations and activities in a prudent manner. The FY 2018 budget did not anticipate the completion of any transactions. In January of 2018, the New Rochelle Industrial Development Agency (IDA) and the New Rochelle Corporation for Local Development adopted the Uniform Joint Application and fee schedule authorizing a percentage of closings fees from projects approved under the Joint Application to be allocated between the IDA and the Corporation, determined on a case by case basis. Pursuant to the Joint Application, two transactions were concluded in 2018, 277 NR Company LLC project and the sale of 40 Memorial Highway, generating total transaction fees of \$436,956 which constitutes a 60% split of the transaction fees of the projects with the IDA. Five additional projects are anticipated to close under the Joint Application in 2019 with an estimated transaction fee of approximately \$800,000 to the Corporation constituting an estimated 60% split of the total closing transaction fees. Operating expenses were \$30,712 less than the final budget offset by non-operating expenses exceeding budget by \$947,834 as a result of the \$24 million bond issuance. (Refer to Note 4). Actual results of operations for the year produced a shortfall \$363,159.

Budgetary Highlights (Continued)

On April 18, 2018, The City of New Rochelle Corporation for Local Development issued bonds Series 2018 A-1 & A-2 totaling \$24,000,000. The bonds are not guaranteed by the City, however, the City is obligated in a related sublease.

The Sublease does not constitute a general debt or liability obligation of the City, or a pledge of the faith and credit or taxing power of the City, but shall be a special obligation expressly subject to appropriation by the City and terminable by the City by reason of its failure or refusal to so appropriately.

The obligation of the City to make payments under the Sublease does not constitute an obligation for which the City has levied or pledged any form of taxation.

The City shall pay to the Issuer Base Ground Rent equal to \$260,000 for the first Lease Year and for each subsequent Lease Year, the immediate prior Sublease Base Rental Rate increased by 1.65%. In addition, the City shall pay additional rent including, without limitation. Amounts related to applicable CAM charges, real estate taxes, and the additional rent amounts pursuant to Section 3.1 of the Sublease. Additional details may be found in the executed Sub-Lease.

Economic Factors

- The Corporation will continue to look for funding opportunities to further its mission of promoting local development. Each year, the Corporation will evaluate opportunities for investment of its resources in furthering this mission.

Long-Term Liabilities

Long Term debt is reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

Contacting Administration

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Corporation's finances and to show the accountability for the money received. If you have questions about this report or need additional financial information, contact the City of New Rochelle Corporation for Local Development's Board at the City Hall, 515 North Avenue, New Rochelle, New York.

CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)

STATEMENT OF NET POSITION
DECEMBER 31, 2018

ASSETS

CURRENT ASSETS:

Cash	\$ 489,200
Prepaid insurance	<u>38</u>
Total current assets	<u>489,238</u>

NONCURRENT ASSETS:

Limited use assets	<u>23,636,621</u>
Total noncurrent assets	<u>23,636,621</u>

Total assets	<u>\$ 24,125,859</u>
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LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ <u>854</u>
Total current liabilities	<u>854</u>

LONG-TERM LIABILITIES

Bonds payable	<u>24,434,836</u>
Total long term liabilities	<u>24,434,836</u>

Total liabilities	<u>\$ 24,435,690</u>
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NET POSITION

Restricted for debt service	\$ (798,215)
Unrestricted	<u>488,384</u>
Total net position	<u>\$ (309,831)</u>

The accompanying notes are an integral part of these statements.

CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018

OPERATING REVENUE:	
Fee income	\$ 436,956
Miscellaneous	<u>4,655</u>
Total revenue	<u>441,611</u>
OPERATING EXPENSES:	
Contract services	500
Insurance	182
Accounting and legal fees	5,989
General business expenses	<u>10</u>
Total expenses	<u>6,681</u>
OPERATING INCOME:	<u>434,930</u>
NONOPERATING INCOME (EXPENSE):	
Interest income	159,745
Bond related issuance costs	(625,239)
Interest expense	<u>(332,595)</u>
Total nonoperating expense	<u>(798,089)</u>
CHANGE IN NET POSITION	<u>(363,159)</u>
NET POSITION - beginning of year	<u>53,328</u>
NET POSITION - end of year	<u>\$ (309,831)</u>

The accompanying notes are an integral part of these statements.

**CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from fees	\$ 441,573
Payments to vendors	<u>(10,482)</u>
Net Cash Provided by Operating Activities	<u>431,091</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of limited use assets	(23,636,621)
Proceeds from issue of limited use assets	23,809,597
Proceeds from other income	159,745
Payments on debt related interest	<u>(332,595)</u>
Net Cash Provided by Investing Activities	<u>126</u>

Net Change in Cash	431,217
Cash, Beginning of Year	<u>57,983</u>
Cash, End of Year	<u>\$ 489,200</u>

**RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:**

Operating income	<u>434,930</u>
Change in	
Prepaid insurance	(38)
Accounts payable	<u>(3,801)</u>
Net Cash used in Operating Activities	<u>\$ 431,091</u>

The accompanying notes are an integral part of these statements.

**CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

City of New Rochelle - Corporation for Local Development (Corporation) is a Corporation for Local Development created in 2013 under Sections 402 and 1411 of the New York Not-for-Profit Corporation Law for the purposes of relieving unemployment, bettering job opportunities and attracting or retaining business in the City of New Rochelle. The Board of Directors of the Corporation consist of the members of the Board of the New Rochelle Industrial Development Agency and are appointed by the City of New Rochelle. As such, the Local Development Corporation members have complete responsibility for management of the Agency and accountability for all fiscal matters. Accordingly, the Corporation, although established by the City of New Rochelle, is a separate entity and operates independently of the City of New Rochelle (The City). The Corporation is exempt from Federal, State and local income taxes.

The Corporation is a discretely presented component unit of the City's basic financial statements due to the City's ability to influence the decisions of the Corporation. The Corporation's Board of Directors is comprised of individuals appointed by the City.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Corporation's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for accounting and financial reporting principles. The Corporation's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as business-type activities are required to be reported. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Cash

Credit Risk

The Corporation's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The Corporation's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Obligations of the United States of America;
- Obligations of the State of New York;
- Certificates of Deposit;

As of December 31, 2018, the Corporation did not have any investments.

Custodial Credit Risk - Deposits

Custodial credit risk - deposits is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the Corporation's investment policy, all deposits of the Corporation including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIA) shall be secured by a pledge of securities with an aggregate value equal to the aggregate amount of deposits.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Custodial Credit Risk - Investments

Custodial credit risk - investments is the risk that an entity will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party if the counterparty to the transaction fails. The Corporation's investment and deposit policy requires that all custodial investments be registered or insured in the Corporation's name and held in the custody of the bank or the bank's trust department.

Concentration of Credit Risk

The Corporation places no limit on the amount that may be invested in any one issuer. At December 31, 2018, all cash balances were held in one bank.

Net Position Classifications

In the financial statements, there are three classes of net position:

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, and other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The Corporation does not have this classification at December 31, 2018.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or the liability will be liquidated with the restricted assets reported.

The unrestricted component of net position is the net amounts of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment of capital assets or the restricted component of net position.

Fee Income

The Corporation charges a service fee for each qualified project tax-exempt bond financing it issues, which is intended to be used for the Corporation's expenses and to fund continuing operations. In January 2018, the New Rochelle Industrial Development Agency and the Corporation adopted the uniform joint application and fee schedule authorizing a percentage of closing fees from projects approved under the joint application to be allocated between the two.

Income Taxes

The Corporation is a not-for-profit Corporation for Local Development under Section 1411 of New York State not-for-profit corporation law and is exempt from Federal income taxes and New York State taxes. Accordingly, no income tax provision has been made.

Tax-Exempt Bond Transactions

The Corporation is an issuer of tax-exempt bond financing for qualified projects. These bonds are the obligations of the borrower. Since the Corporation has no obligation to repay the principal and interest of such bonds, they are not reflected as liabilities in the accompanying financial statements. The Corporation receives bond issuance fees from the borrower for providing this service. Bond issuance fees are recognized immediately upon issuance of the related bond. The Corporation did not issue any bonds during 2018.

1. **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Limited Use Assets

Limited use assets consist of funds required under the bond indenture and are invested by the trustee in money market funds, commercial paper, mortgage backed securities or U.S. government obligations and are recorded at fair market value based on quoted market prices. Interest, dividends, investment management fees, and gains (losses) on limited use assets are shown as investment gain, net in the accompanying financial statements. Limited use assets are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain limited use assets, it is at least reasonably possible that changes in the values of limited use assets will occur in the near term and that such change could materially affect the amounts reported in the accompanying financial statements.

2. **CASH**

The Corporation's bank deposits were insured and collateralized as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash	\$ 489,200	\$ 489,200
Collateralized with securities held by pledging financial institution trust department or agent in the Corporation's name		
Covered by FDIC insurance	250,000	
Amount not collateralized	<u>239,200</u>	
Total	<u>\$ 489,200</u>	

Limited Use Assets

The Corporation does not typically purchase investments for a duration long enough to cause it to believe that it is exposed to any material interest rate risk. The Corporation also does not typically purchase investments denominated in a foreign currency, and is not exposed to foreign currency risk.

Investments at December 31, 2018 comprised of the following:

	<u>Carrying values</u>	<u>Bank balance</u>
Restricted cash	\$ 21,500,000	\$ 21,500,000
Capitalized interest	1,632,632	1,632,632
Cash in trust	<u>503,989</u>	<u>503,989</u>
	<u>\$ 23,636,621</u>	<u>\$ 23,636,621</u>

3. TRANSACTIONS WITH THE CITY OF NEW ROCHELLE

As a component unit of the City of New Rochelle, New York, transactions occur between the Corporation and the City throughout the year in the ordinary course of operations. Below is a summary of significant transactions:

Contract services - The City provides executive and administrative services as defined in an annual contract agreed to between the City and the Corporation. These services are billed semi-annually and totaled \$500 during 2018.

4. LONG-TERM DEBT

The following is a summary of long term liabilities as of December 31, 2018:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year	Long-term Portion
2018A-1	\$ -	\$ 3,805,000	\$ -	\$ 3,805,000	\$ -	\$ 3,805,000
2018A-2	-	20,195,000	-	20,195,000	-	20,195,000
	-	24,000,000	-	24,000,000	-	24,000,000
Unamortized premium on bonds	-	444,088	9,252	434,836	-	434,836
Total	\$ -	\$ 24,444,088	\$ 9,252	\$ 24,434,836	\$ -	\$ 24,434,836

Issue dates, maturities, and interest rates on outstanding debt are as follows:

<u>Bond Issue</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>December 31, 2018 Balance</u>
Tax Exempt Revenue Bond	4/18/2018	8/1/2028	4.20%	\$ 3,805,000
Tax Exempt Revenue Bond	4/18/2018	8/1/2050	5.13%	20,195,000
Total				\$ 24,000,000

The following is a summary of the maturities of bonds payable:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 1,194,804	\$ 1,194,804
2020	355,000	1,194,804	1,549,804
2021	370,000	1,179,894	1,549,894
2022	390,000	1,164,354	1,554,354
2023	405,000	1,147,974	1,552,974
2024-2028	2,285,000	5,470,649	7,755,649
2029-2033	2,860,000	4,896,425	7,756,425
2034-2038	3,680,000	4,083,344	7,763,344
2039-2043	4,715,000	3,040,150	7,755,150
2044-2048	6,060,000	1,700,475	7,760,475
2049-2050	2,880,000	223,194	3,103,194
	\$ 24,000,000	\$ 25,296,067	\$ 49,296,067

OTHER INFORMATION (UNAUDITED)

**CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)**

**SCHEDULE OF BUDGET WITH ACTUAL OPERATING AMOUNTS (UNAUDITED)
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUE:				
Fee income	\$ 1,500	\$ 1,500	\$ 436,956	\$ 435,456
Miscellaneous	-	-	4,655	4,655
Total revenue	1,500	1,500	441,611	440,111
OPERATING EXPENSES:				
Marketing	-	2,500	-	2,500
Contract services	500	27,143	500	26,643
Insurance	300	300	182	118
Accounting and legal fees	7,200	7,200	5,989	1,211
General business expenses	250	250	10	240
Total operating expenses	8,250	37,393	6,681	30,712
OPERATING INCOME (LOSS):	(6,750)	(35,893)	434,930	470,823
NONOPERATING INCOME (EXPENSE)				
Interest income	-	-	159,745	159,745
Bond related issuance costs	-	-	(625,239)	(625,239)
Interest expense	-	-	(332,595)	(332,595)
Total nonoperating expense	-	-	(798,089)	(798,089)
Excess (deficiency) of revenues over expenditures	(6,750)	(35,893)	(363,159)	(327,266)
NET POSITION - beginning of year	6,750	35,893	53,328	17,435
NET POSITION - end of year	\$ -	\$ -	\$ (309,831)	\$ (309,831)

See Independent Auditor's report.

CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)

COMPARATIVE SCHEDULE OF ACTUAL OPERATING AMOUNTS (UNAUDITED)
FOR THE YEARS ENDING DECEMBER 31, 2018 AND 2017

	Actual Year ended <u>December 31, 2018</u>	Actual Year ended <u>December 31, 2017</u>
OPERATING REVENUE:		
Fee income	\$ 436,956	\$ 1,500
Miscellaneous	4,655	216
Total revenue	<u>441,611</u>	<u>1,716</u>
OPERATING EXPENSES:		
Contract services		
Insurance	500	10,000
Accounting and legal fees	182	182
General business expenses	5,989	5,155
Total operating expenses	<u>10</u>	<u>2,138</u>
	<u>6,681</u>	<u>17,475</u>
OPERATING INCOME (LOSS):	434,930	(15,759)
NONOPERATING INCOME (EXPENSE)		
Interest income	159,745	-
Bond related issuance costs	(625,239)	-
Interest expense	<u>(332,595)</u>	<u>-</u>
Total nonoperating expense	<u>(798,089)</u>	<u>-</u>
CHANGE IN NET POSITION	\$ (363,159)	\$ (15,759)

See Independent Auditor's report.

OTHER REQUIRED REPORT

INDEPENDENT AUDITOR'S 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

March 13, 2019

To the Board of Directors of
City of New Rochelle - Corporation for Local Development:

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 public benefit corporation and City of New Rochelle - Corporation for Local Development (Corporation), a discretely presented component unit of the City of New Rochelle, New York as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated March 13, 2019.

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 opinion 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.

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(Continued)

INDEPENDENT AUDITOR'S 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 (Continued)

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 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.

Bonadio & Co., LLP

**CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT
(A Discretely Presented Component Unit of the City of New Rochelle, New York)**

**SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2018**

Section I – Summary of Auditor’s Results

Financial Statements

Type of independent auditor’s report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified Yes None noted

Noncompliance material to the financial statements noted? Yes No

Section II - Financial Statement Findings

There were no instances of material weaknesses, significant deficiencies, or noncompliance noted that are required to be reported under *Government Auditing Standards*.