

**NEW ROCHELLE  
INDUSTRIAL DEVELOPMENT AGENCY**

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

**Financial Statements as of  
December 31, 2017  
Together with  
Independent Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT**

March 9, 2018

To the Board of Directors of  
New Rochelle - Industrial Development Agency:

We have audited the accompanying financial statements of New Rochelle - Industrial Development Agency (IDA) (a public benefit corporation and a discretely presented component unit of the City of New Rochelle), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the IDA'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 contained in Government Auditing Standards, issues 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.

(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 IDA, as of December 31, 2017, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **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 - 6 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 IDA'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 9, 2018 on our consideration of the IDA'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 IDA'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 IDA's internal control over financial reporting and compliance.

**REQUIRED SUPPLEMENTARY INFORMATION**

# **NEW ROCHELLE - INDUSTRIAL DEVELOPMENT AGENCY (A Discretely Presented Component Unit of the City of New Rochelle, New York)**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEAR ENDED DECEMBER 31, 2017**

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*The following is a discussion and analysis of the IDA's financial performance for the fiscal year ended December 31, 2017. The section is a summary of the IDA'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 IDA's financial statements, which immediately follow this section.*

### **Organization**

The New Rochelle Industrial Development Agency is a public benefit corporation created in 1977 pursuant to Section 908-b of the New York State General Municipal Law. Its seven-member governing board is appointed by the New Rochelle City Council to indefinite terms. Presently, a member of the New Rochelle City Council serves as the IDA's Treasurer and the City Manager of the City of New Rochelle serves as the IDA's Vice Chair. A representative from the New Rochelle School District serves on the board as well as four other residents of New Rochelle.

The IDA is a separate entity and operates independently from the City of New Rochelle. However, because the City appoints its board of directors, the IDA 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 increased \$550,634.
- Total revenues for the fiscal year 2017 were 822,268 an increase of \$421,124 or 105.0%.
- Total expenses for fiscal year 2017 were \$271,634, an increase of \$59,739 or 28.2% 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 IDA 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 IDA'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 IDA as a whole is improving or deteriorating. Evaluation of the overall economic health of the IDA 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 IDA's net position changed during the current and previous fiscal period. Revenues and expenses are included when earned or incurred, regardless of when cash is received or paid.

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.

## Overview of the Financial Statements (Continued)

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, 2017:

### Summary of Net Position

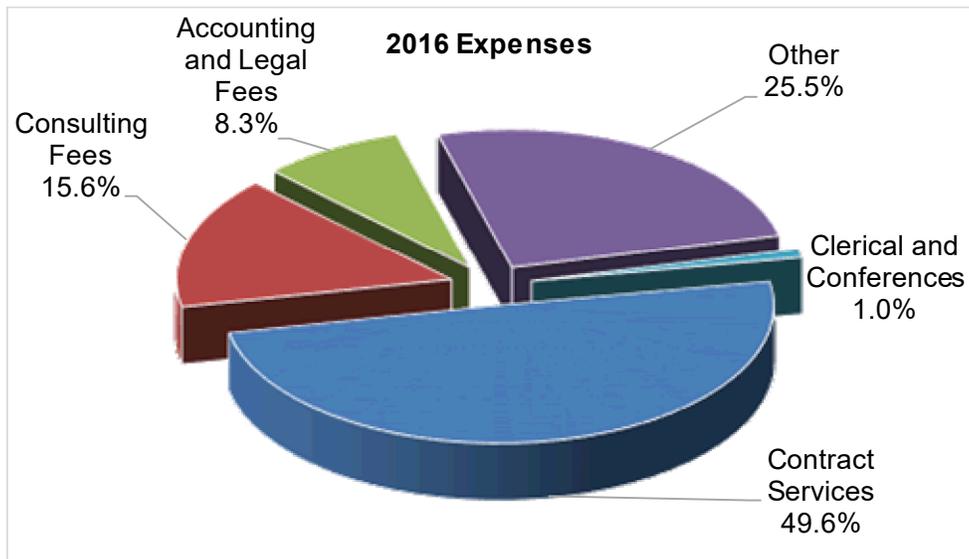
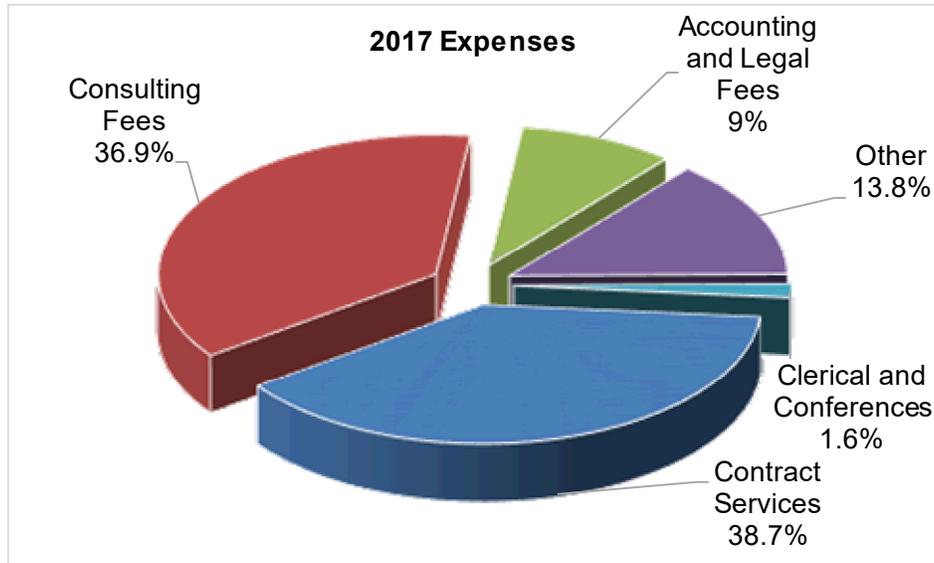
	2017	2016	Dollar Change	Percent Change
Current assets	\$ 1,144,496	\$ 593,862	\$ 550,634	92.7%
Total assets	1,144,496	593,862	\$ 550,634	92.7%
Current liabilities	\$ 1,500	\$ 1,500	\$ -	0.0%
Total liabilities	1,500	1,500	\$ -	0.0%
Net position:				
Unrestricted	\$ 1,142,996	\$ 592,362	\$ 550,634	93.0%

### Summary of Changes in Net Position

	Fiscal Year		Dollar Change	Percent Change
	2017	2016		
Revenues:				
Program Fees	\$ 781,387	\$ 363,471	\$ 417,916	115.0%
Application Fees	4,200	6,600	(2,400)	-36.4%
Annual Service Fees	33,250	28,000	5,250	18.8%
Miscellaneous Income	1,582	2,150	(568)	-26.4%
Interest Income	1,849	923	926	100.3%
Total revenues	<u>822,268</u>	<u>401,144</u>	<u>421,124</u>	<u>105.0%</u>
Expenses				
Contract Services	105,000	105,000	-	0.0%
Consulting Fees	100,300	33,035	67,265	203.6%
Accounting and Legal Fees	24,621	17,623	6,998	39.7%
Advertising and Marketing	35,622	51,621	(15,999)	-31.0%
Clerical and Conferences	4,297	2,132	2,165	101.5%
Membership, Dues and Subscriptions	60	750	(690)	-92.0%
Insurance	1,734	1,734	-	0.0%
Total expenses	<u>271,634</u>	<u>211,895</u>	<u>59,739</u>	<u>28.2%</u>
Change in net position	<u>\$ 550,634</u>	<u>\$ 189,249</u>	<u>\$ 361,385</u>	<u>191.0%</u>

## Overview of the Financial Statements (Continued)

The IDA's expenses by function were as follows:



## **Overview of the Financial Statements (Continued)**

During 2017, six transactions were consummated: RXR 587 Main Owner LLC; The Millennia NR LLC; 17 Locust Avenue Owners LLC; Zinrock Resources L.P (Watermark Pointe); 38 Roslyn Associates, Inc. (The Lombardi); and DSF IV New Rochelle (The Halstead, 40 Memorial Highway). Two of these projects were approved in 2016 and closed in 2017: RXR 587 Main Owner LLC; and 17 Locust Avenue Owners LLC. Additionally, four of the projects approved by the IDA in 2017, closed in 2017: The Millennia NR LLC; Zinrock Resources L.P, Watermark Pointe; 38 Roslyn Associates, Inc., The Lombardi (mortgage on existing IDA project); and DSF IV New Rochelle, The Halstead, (mortgage on existing IDA project). All six projects resulted in a total transaction fee of \$781,387 in 2017. Six additional projects approved by the IDA in 2017 are anticipated to close in 2018 with an estimated transaction fee of \$550,521. One project approved in 2016 is anticipated to close in 2018 with an estimated transaction fee of \$65,504. The net impact of the projects that closed in 2017 is an increase of \$417,916 from the prior year total. Annual service, application and other fees increased by \$1,924 while interest income increased slightly from the prior year by \$926.

## **Budgetary Highlights**

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

In preparing its budget, the IDA attempts to estimate its revenues using realistic, but conservative, methods so as to budget its expenditure appropriations and activities in a prudent manner. The original FY 2017 budget anticipated the completion of seven new transactions at estimated transaction fees of \$812,412. Six transactions were concluded in 2017 generating transaction fees of \$781,387 with six additional projects that were approved in 2017, and one approved in 2016, anticipated to close in 2018 with an estimated transaction fee of \$616,025. The 2017 adopted budget of \$4,200 for Application fees met the budgeted target in FY 2017.

The adopted FY 2017 budget anticipated a surplus of \$231,912 to the fund balance to finance estimated expenditures of \$625,700. Actual expenditures were \$354,066 (57%) less than budget. Combined with the revenue shortfall, \$549,052 was added to the fund balance in FY 2017, increasing, available reserves for future years from \$592,362 to \$1,142,996.

## **Economic Factors**

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

## **CONTACTING ADMINISTRATION**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the IDA'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 New Rochelle Industrial Development Agency's Board at City Hall, 515 North Avenue, New Rochelle, New York.

**NEW ROCHELLE INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Discretely Presented Component Unit of the City of New Rochelle, New York)**

**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2017**

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<b>ASSETS</b>	
Cash	\$ 1,133,700
Accounts receivable	10,290
Prepaid Insurance	<u>506</u>
Total Assets	<u>1,144,496</u>
<b>LIABILITIES</b>	
Deferred revenue	<u>\$ 1,500</u>
Total Liabilities	<u>\$ 1,500</u>
<b>NET POSITION</b>	
Unrestricted	<u>\$ 1,142,996</u>

The accompanying notes are an integral part of these statements.

**NEW ROCHELLE INDUSTRIAL DEVELOPMENT AGENCY**  
**(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, 2017**

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OPERATING REVENUE:

Program fees	\$ 781,387
Application fees	4,200
Annual Service fees	33,250
Miscellaneous income	1,582
Interest income	<u>1,849</u>
Total revenue	<u>822,268</u>

OPERATING EXPENSES:

Contract services	105,000
Consulting fees	100,300
Accounting and Legal fees	24,621
Advertising and marketing	35,622
Clerical and conferences	4,297
Membership, dues and subscriptions	60
Insurance	<u>1,734</u>
Total expenses	<u>271,634</u>

CHANGE IN NET POSITION 550,634

NET POSITION - beginning of year 592,362

NET POSITION - end of year \$ 1,142,996

The accompanying notes are an integral part of these statements.

**NEW ROCHELLE INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Discretely Presented Component Unit of the City of New Rochelle, New York)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from fees	\$ 812,297
Receipts from miscellaneous income	1,582
Interest income	1,849
Payments to vendors	<u>(271,775)</u>
Net Cash from Operating Activities	543,953

Net Change in Cash 543,953

Cash, Beginning of Year 589,747

Cash, End of Year \$ 1,133,700

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

Change in net position	<u>550,634</u>
Change in	
Accounts receivable	(6,540)
Prepaid expenses	<u>(141)</u>

Net Cash used in Operating Activities \$ 543,953

The accompanying notes are an integral part of these statements.

**NEW ROCHELLE INDUSTRIAL DEVELOPMENT AGENCY  
(A Discretely Presented Component Unit of the City of New Rochelle, New York)**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

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**1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

New Rochelle - Industrial Development Agency (IDA) was established in 1977 by the New York State Legislature to promote the economic welfare, recreation opportunities and prosperity of the City of New Rochelle's inhabitants. Although members of the IDA are appointed by the City Council, the IDA members have complete responsibility for management of the Agency and accountability for all fiscal matters. Accordingly, the IDA, although established by the City of New Rochelle, is a separate entity and operates independently of the City of New Rochelle. The IDA is exempt from Federal, State and local income tax.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The IDA'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 IDA'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**

For purposes of the Statement of Cash Flows, the IDA considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Credit Risk

The IDA'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 IDA'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, 2017, the IDA 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 IDA's investment policy, all deposits of the IDA 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 IDA's investment and deposit policy requires that all custodial investments be registered or insured in the IDA's name and held in the custody of the bank or the bank's trust department.

### Concentration of Credit Risk

The IDA places no limit on the amount that may be invested in any one issuer. At December 31, 2017, 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 IDA does not have this classification at December 31, 2017.

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 IDA does not have this classification at December 31, 2017.

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 IDA charges a service fee for each qualified project tax-exempt bond financing it issues, which is intended to be used for the IDA's expenses and to fund continuing operations.

### **Grants**

Amounts that are earned, but not yet received are reported as receivables. Amounts received, but not yet earned are reported as deferred revenue.

### **Income Taxes**

The IDA is a not-for-profit local development IDA under Section 1411 of New York State not-for-profit IDA law and is exempt from federal income taxes and New York State taxes. Accordingly, no income tax provision has been made.

### **Industrial Bond and Note Transactions**

Certain industrial development revenue bonds and notes issued by the IDA are secured by property which is leased to companies and the bonds are retired by lease payments. The bonds and notes are obligations of the IDA but are payable solely out of lease payments or the real property which is the subject thereof. All lease payments are paid to a trustee for disbursement to lenders. The IDA 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, and funds arising therefrom are controlled by trustees or banks acting as fiscal agents.

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued)

### Use of Estimates

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

## 2. CASH

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

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash	\$ 1,133,700	\$ 1,133,700
Collateralized with securities held by pledging financial institution trust department or agent in the Corporation's name	\$ 901,375	
Covered by FDIC insurance	<u>232,325</u>	
Total	<u>\$ 1,133,700</u>	

## 3. ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET IMPLEMENTED

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* – a replacement of GASB Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. Also, it includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*.

The objective of this Statement is to improve the effectiveness of information about postemployment benefits other than pensions included in the general purpose external financial reports of state and local government OPEB plans. It provides for decision-useful information, supporting assessments of accountability and inter-period equity, and additional transparency. This statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet specified criteria. The IDA is required to adopt the provisions of this Statement for the year ending June 30, 2017, with early adoption encouraged.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – a replacement of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*.

### **3. ACCOUNTING PRONOUNCEMENTS ISSUED BUT NOT YET IMPLEMENTED**

(Continued)

The objective of this Statement is to establish standards for recognizing and measuring liabilities, expenditures and deferred inflows of resources related to other postemployment benefit plans (OPEB). In regards to defined benefit OPEB plans, this statement defines the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employment service. This Statement also details recognition and disclosure requirements for employers with payables to defined benefit OPEB plans administered through trusts and for employers whose employees are provided with defined contribution OPEB plans. The IDA is required to adopt the provisions of this Statement for the year ending June 30, 2019, with early adoption encouraged.

The IDA does not currently have any salaries, related pensions, or other postemployment benefits however, the IDA will reassess as the pronouncements become due.

### **4. TRANSACTIONS WITH THE CITY OF NEW ROCHELLE**

As a component unit of the City of New Rochelle, New York, transactions occur between the Agency 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 Agency. These services are billed semi-annually and totaled \$105,000 during 2017.

## **OTHER INFORMATION**

**NEW ROCHELLE INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Discretely Presented Component Unit of the City of New Rochelle, New York)**

**COMPARATIVE SCHEDULE OF ACTUAL OPERATING AMOUNTS (UNAUDITED)**  
**DECEMBER 31, 2017**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>OPERATING REVENUE:</b>				
Program Fees	\$ 812,412	\$ 812,412	\$ 781,387	\$ (31,025)
Application Fees	4,200	4,200	4,200	-
Annual Service Fees	40,500	40,500	33,250	(7,250)
Miscellaneous income	2,150	2,150	1,582	(568)
Interest Income	500	500	1,849	1,349
	<u>857,612</u>	<u>857,612</u>	<u>822,268</u>	<u>(36,926)</u>
<b>OPERATING EXPENSES:</b>				
Contract Services	105,000	105,000	105,000	-
Consulting Fees	210,000	210,000	100,300	109,700
Accounting and Legal Fees	29,200	29,200	24,621	4,579
Advertising and Marketing	273,000	273,000	35,622	237,378
Clerical and Conferences	5,000	5,000	4,297	703
Membership, Dues and Subscriptions	1,000	1,000	60	940
Insurance	2,500	2,500	1,734	766
	<u>625,700</u>	<u>625,700</u>	<u>271,634</u>	<u>354,066</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ 231,912</u>	<u>\$ 231,912</u>	<u>\$ 550,634</u>	<u>\$ 317,140</u>

See Independent auditor's report.

**NEW ROCHELLE INDUSTRIAL DEVELOPMENT AGENCY**  
**(A Discretely Presented Component Unit of the City of New Rochelle, New York)**

**COMPARATIVE SCHEDULE OF BUDGET WITH ACTUAL OPERATING AMOUNTS (UNAUDITED)**  
**DECEMBER 31, 2017 and 2016**

	Actual Year ended <u>December 31, 2017</u>	Actual Year ended <u>December 31, 2016</u>
<b>OPERATING REVENUE:</b>		
Program Fees	\$ 781,387	\$ 363,471
Application Fees	4,200	6,600
Annual Service Fees	33,250	28,000
Miscellaneous income	1,582	2,150
Interest Income	<u>1,849</u>	<u>923</u>
Total revenue	<u>822,268</u>	<u>401,144</u>
<b>OPERATING EXPENSES:</b>		
Contract Services	105,000	105,000
Consulting Fees	100,300	33,035
Accounting and Legal Fees	24,621	17,623
Advertising and Marketing	35,622	51,621
Clerical and Conferences	4,297	2,132
Membership, Dues and Subscriptions	60	750
Insurance	<u>1,734</u>	<u>1,734</u>
Total expenses	<u>271,634</u>	<u>211,895</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ 550,634</u>	<u>\$ 189,249</u>

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 9, 2018

To the Board of Directors of  
New Rochelle - 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 New Rochelle - Industrial Development Agency (IDA), 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, 2017, and the related notes to the financial statements, which collectively comprise the IDA's basic financial statements, and have issued our report thereon dated March 9, 2018.

**Internal Control Over Financial Reporting**

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

**NEW ROCHELLE INDUSTRIAL DEVELOPMENT AGENCY  
(A Discretely Presented Component Unit of the City of New Rochelle, New York)**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**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*.