

**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, 2019  
Together with Independent  
Auditor's Report**

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

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

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**INDEPENDENT AUDITOR'S REPORT**

March 19, 2020

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

**Report on the Financial Statements**

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, 2019, 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 contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**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, 2019, 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 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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2020 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.

**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, 2019**

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*The following is a discussion and analysis of the Corporation's financial performance for the fiscal year ended December 31, 2019. 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 (the Corporation) 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 (the Board) 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 \$285,357.
- Total revenues for the fiscal year 2019 were \$1,414,483 an increase of \$813,127 or 135.2%.
- Total expenses for fiscal year 2019 were \$1,699,840, an increase of \$735,325 or 76.2% from the prior year.

**Overview of the 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.

**CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT**  
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**Management’s Discussion and Analysis (Unaudited)**  
**For the Years Ended December 31, 2019**

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.

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, 2019:

Current assets increased \$281,085 or 57.5% primarily as a result of current year net cash provided by operating activities.

**Summary of Net Position**

	Fiscal Year		Dollar Change	Percent Change
	2019	2018		
Current assets	\$ 770,323	\$ 489,238	\$ 281,085	57.5%
Noncurrent assets	23,068,217	23,636,621	(568,404)	-2.4%
<b>Total assets</b>	<b>23,838,540</b>	<b>24,125,859</b>	<b>(287,319)</b>	<b>-1.2%</b>
Current liabilities	\$ 367,769	\$ 854	\$ 366,915	42964.3%
Noncurrent liabilities	24,065,959	24,434,836	(368,877)	-1.5%
<b>Total liabilities</b>	<b>\$ 24,433,728</b>	<b>\$ 24,435,690</b>	<b>\$ (1,962)</b>	<b>0.0%</b>
Net position:				
Restricted - debt related	\$ 18,593,217	23,636,621	(5,043,404)	-21.3%
Unrestricted - debt related	(19,945,959)	(24,434,836)	4,488,877	-18.4%
Unrestricted - operations related	\$ 757,554	\$ 488,384	\$ 269,170	55.1%
<b>Total net position</b>	<b>\$ (595,188)</b>	<b>\$ (309,831)</b>	<b>\$ (285,357)</b>	<b>92.1%</b>

Current and Noncurrent Liabilities increased and decreased by approximately \$367 thousand and \$369 thousand, respectively. This was primarily due to the recognition of \$355,000 in principal as current in 2019. Net position restricted for debt service decreased an additional \$554,527 primarily as the result of debt service interest payments that were partially offset by interest earnings from the limited use asset. A similar decrease was recognized in the Non current assets which included the limited use assets and the construction in progress funded by those assets.

**CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT**  
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**Management's Discussion and Analysis (Unaudited)**  
**For the Years Ended December 31, 2019**

**Summary of Changes in Net Position**

	Fiscal Year		Dollar Change	Percent Change
	<u>2019</u>	<u>2018</u>		
Revenues:				
Fee income	\$ 786,878	\$ 436,956	\$ 349,922	80.1%
Interest income	627,605	159,745	467,860	292.9%
Miscellaneous	-	4,655	(4,655)	-100.0%
Total revenues	<u>1,414,483</u>	<u>601,356</u>	<u>813,127</u>	135.2%
Expenses:				
Contract services	330,486	500	329,986	65997.2%
Insurance	182	182	-	0.0%
Accounting and legal fees	14,745	5,989	8,756	146.2%
General business expenses	-	10	(10)	-100.0%
Bond related issuance costs	-	625,239	(625,239)	-100.0%
Interest expense	1,180,927	332,595	848,332	255.1%
Tactical Urbanism	171,000	-	171,000	100.0%
Other expenses	2,500	-	2,500	100.0%
Total expenses	<u>1,699,840</u>	<u>964,515</u>	<u>735,325</u>	76.2%
Change in net position	<u>\$ (285,357)</u>	<u>\$ (363,159)</u>	<u>\$ 77,802</u>	21.4%

Fee income increased by \$349,922 or 80.1% primarily as a result of increased application fees received in 2019 as a result of a change in the fee income sharing formula.

Interest income increased by \$467,860 or 292.9% primarily as a result of the issuance of new debt in the prior year. (Refer to Note 5).

Bond related issuance decreased by \$625,239 as a result of agent fees relating to the 2018 issuance that did not reoccur in 2019.

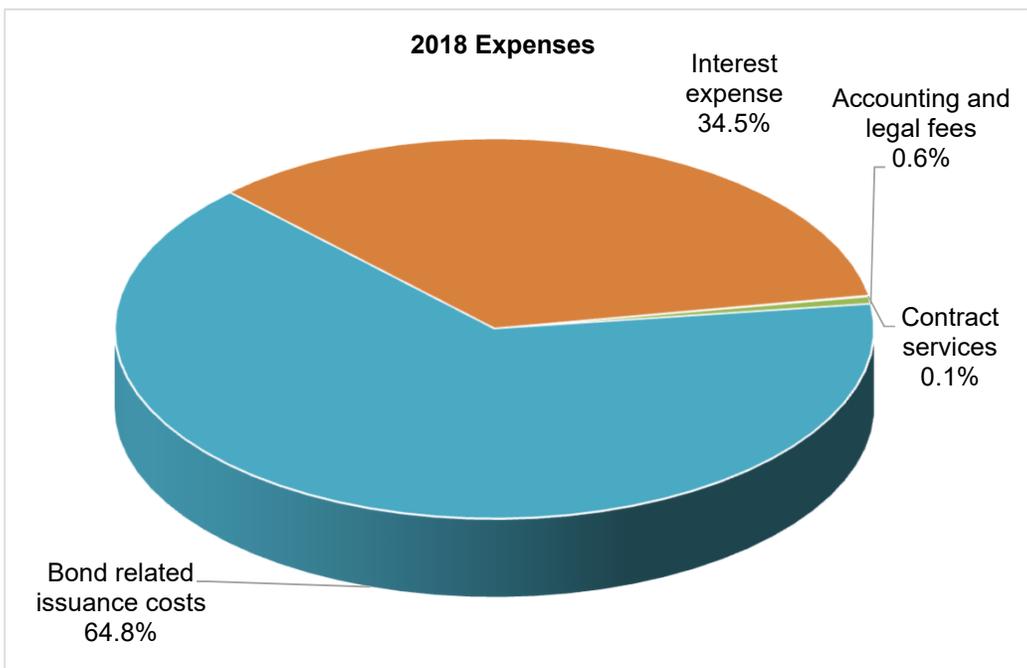
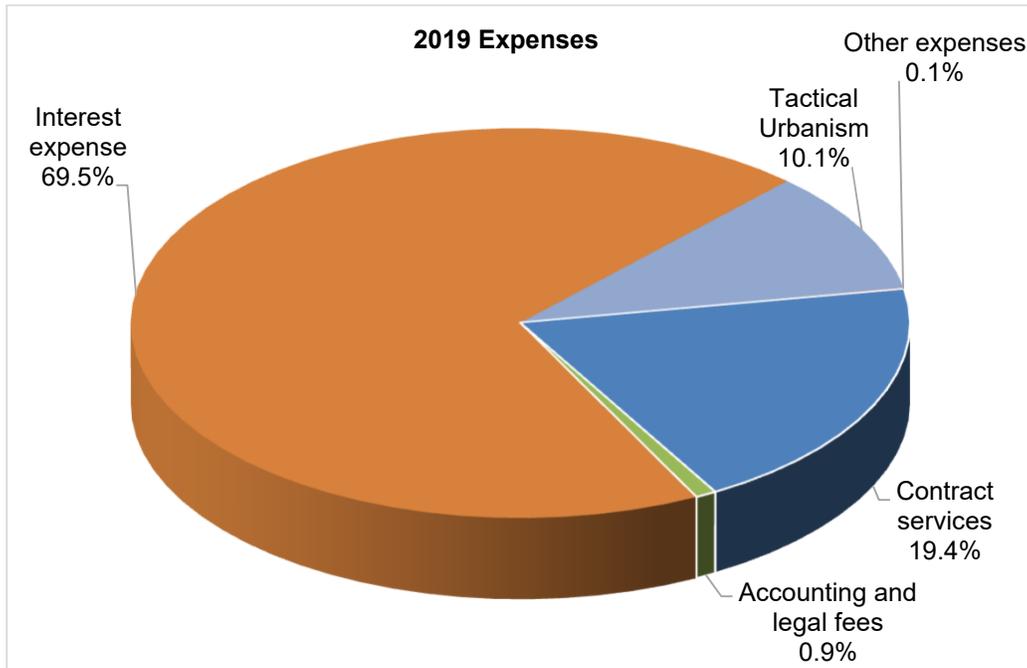
Interest expense increased by \$848,332 or 255.1% primarily due to the 2018 issuance. (Refer to Note 5).

**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, 2019**

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The Corporation's expenses by function were as follows



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**Management's Discussion and Analysis (Unaudited)**  
**For the Years Ended December 31, 2019**

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**Budgetary Highlights**

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

During 2019, three projects closed resulting in a total transaction fee of \$785,368 to the New Rochelle Corporation for Local Development. These projects were: WBLM 14 Le Count Owner LLC, RXR Church-Division Tower A Holdings LLC, and RFMCH Huguenot Property Owner LLC. The total transaction fee constitutes a percentage of the total transaction fees that closed under the Uniform Joint Application and fee schedule. 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.

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 2019 budget anticipated the completion of five transactions with estimated transaction fees of \$800,838. Pursuant to the Joint Application, three projects closed generating transaction fees of \$785,368. Operating expenses were \$328,962 less than the final budget offset by non-operating expenses exceeding budget by \$928,822 as a result of the \$24 million bond issuance. (Refer to Note 5).

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.

**CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT**  
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**Management's Discussion and Analysis (Unaudited)**  
**For the Years Ended December 31, 2019**

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**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**  
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**Statement of Net Position**  
**December 31, 2019**

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ASSETS

CURRENT ASSETS:

Cash	\$ 768,785
Accounts Receivable	1,500
Prepaid insurance	<u>38</u>

Total current assets	<u>770,323</u>
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NONCURRENT ASSETS:

Capital assets	4,475,000
Limited use assets	<u>18,593,217</u>

Total noncurrent assets	<u>23,068,217</u>
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Total assets	<u><u>\$ 23,838,540</u></u>
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LIABILITIES

CURRENT LIABILITIES

Accrued expenditures	\$ 12,769
Current portion of bonds payable	<u>355,000</u>

Total current liabilities	<u>367,769</u>
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LONG-TERM LIABILITIES

Bonds payable	<u>24,065,959</u>
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Total long term liabilities	<u>24,065,959</u>
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Total liabilities	<u><u>\$ 24,433,728</u></u>
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NET POSITION

Restricted - debt related	\$ 18,593,217
Unrestricted - debt related	(19,945,959)
Unrestricted - operations related	<u>757,554</u>

Total net position	<u><u>\$ (595,188)</u></u>
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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, 2019**

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OPERATING REVENUE:	
Fee income	\$ <u>786,878</u>
Total revenue	<u>786,878</u>
OPERATING EXPENSES:	
Contract services	330,486
Insurance	182
Accounting and legal fees	<u>14,745</u>
Total expenses	<u>345,413</u>
OPERATING INCOME	<u>441,465</u>
NONOPERATING INCOME (EXPENSE):	
Interest income	627,605
Interest expense	(1,180,927)
Tactical Urbanism	(171,000)
Other expenses	<u>(2,500)</u>
Total nonoperating expense	<u>(726,822)</u>
CHANGE IN NET POSITION	<u>(285,357)</u>
NET POSITION - beginning of year	<u>(309,831)</u>
NET POSITION - end of year	<u><u>\$ (595,188)</u></u>

The accompanying notes are an integral part of these statements.

**CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT**  
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**Statement of Cash Flows**  
**For the Year Ended December 31, 2019**

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CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from fees	\$ 786,583
Payments to vendors	<u>(506,998)</u>

Net Cash Provided by Operating Activities	<u>279,585</u>
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Net Change in Cash	279,585
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Cash, Beginning of Year	<u>489,200</u>
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Cash, End of Year	<u><u>\$ 768,785</u></u>
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RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES:

Operating income	<u>\$ 441,465</u>
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Change in

Accounts receivable	(1,500)
Accounts payable	(854)
Accrued expense	12,769
Interest income	1,205
Tactical Urbanism Downtown	(171,000)
Other costs	<u>(2,500)</u>

Net Cash used in Operating Activities	<u><u>\$ 279,585</u></u>
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The accompanying notes are an integral part of these statements.

## CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT

### Notes to Financial Statements

December 31, 2019

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#### 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, 2019, 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.

## CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT

### Notes to Financial Statements

December 31, 2019

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#### Concentration of Credit Risk

The Corporation places no limit on the amount that may be invested in any one issuer. At December 31, 2019, all cash balances were held in one bank.

#### **Capital Assets**

Capital assets as defined by the Agency are assets with an initial unit cost of \$1,500 or more and an estimated life in excess of two years. Donated capital assets are recorded at estimated fair value at the date of the donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed and depreciated when placed in service.

#### **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, 2019.

The restricted component of net position is reported as restricted when constraints placed on its use are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted net position of the Corporation is based on externally imposed conditions and include amounts restricted for debt service.

It is the Corporation's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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.

## CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT

### Notes to Financial Statements

December 31, 2019

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#### **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 2019.

#### **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.

#### **Operating and Non-Operating Revenues and Expenses**

As a business-type activity, the Corporation distinguishes operating revenues and expenses from non-operating items. Operating revenues are comprised of fee income associated with the principal activities of the Corporation. Operating expenses generally result from the contract services in accordance with the Corporation's mission. Nonoperating income and expense generally consists of interest income and interest

**CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT**

**Notes to Financial Statements  
December 31, 2019**

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**2. CASH**

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

	Bank Balance	Carrying Amount
Cash	\$ 799,845	\$ 768,785
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>549,845</u>	
Total	<u>\$ 799,845</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.

**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 \$330,486 during 2019.

**4. CAPITAL ASSETS**

The following is a summary of capital assets as of December 31, 2019:

	Beginning Balance	Additions	Deletions	Ending Balance
Construction in progress	\$ -	\$ 4,475,000	\$ -	\$ 4,475,000

**CITY OF NEW ROCHELLE CORPORATION FOR LOCAL DEVELOPMENT**

**Notes to Financial Statements  
December 31, 2019**

**5. LONG-TERM DEBT**

The following is a summary of long term liabilities as of December 31, 2019:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year	Long-term Portion
2018A-1	\$ 3,805,000	\$ -	\$ -	\$ 3,805,000	\$ 355,000	\$ 3,450,000
2018A-2	20,195,000	-	-	20,195,000	-	20,195,000
Unamortized premium on bonds	434,836	-	13,877	420,959	-	420,959
<b>Total</b>	<b>\$ 24,434,836</b>	<b>\$ -</b>	<b>\$ 13,877</b>	<b>\$ 24,420,959</b>	<b>\$ 355,000</b>	<b>\$ 24,065,959</b>

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, 2019 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%	<u>\$20,195,000</u>
<b>Total</b>				<u>\$24,000,000</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	420,000	1,130,964	1,550,964
2025-2029	2,380,000	5,374,679	7,754,679
2030-2034	3,010,000	4,749,850	7,759,850
2035-2039	3,865,000	3,894,744	7,759,744
2040-2044	4,960,000	2,798,506	7,758,506
2045-2049	6,370,000	1,389,900	7,759,900
2050	1,475,000	75,594	1,550,594
	<u>\$ 24,000,000</u>	<u>\$ 24,101,263</u>	<u>\$ 48,101,263</u>

**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, 2019 and 2018**

	Actual Year ended <u>December 31, 2019</u>	Actual Year ended <u>December 31, 2018</u>
<b>OPERATING REVENUE:</b>		
Fee income	\$ 786,878	\$ 436,956
Miscellaneous	<u>-</u>	<u>4,655</u>
Total revenue	<u>786,878</u>	<u>441,611</u>
<b>OPERATING EXPENSES:</b>		
Contract services	330,486	500
Insurance	182	182
Accounting and legal fees	14,745	5,989
General business expense	<u>-</u>	<u>10</u>
Total operating expenses	<u>345,413</u>	<u>6,681</u>
<b>OPERATING INCOME:</b>	441,465	434,930
<b>NONOPERATING INCOME (EXPENSE)</b>		
Interest income	627,605	159,745
Interest expense	(1,180,927)	(332,595)
Tactical Urbanism	(171,000)	-
Bond related issuance costs	-	(625,239)
Other expenses	<u>(2,500)</u>	<u>-</u>
Total nonoperating expense	<u>(726,822)</u>	<u>(798,089)</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ (285,357)</u>	<u>\$ (363,159)</u>

**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, 2019**

	Original Budget	Final Budget	Budgetary Basis Actual	Variance Favorable (Unfavorable)
<b>OPERATING REVENUE:</b>				
Fee income	\$ 801,893	\$ 801,893	\$ 786,878	\$ (15,015)
Total revenue	<u>801,893</u>	<u>801,893</u>	<u>786,878</u>	<u>(15,015)</u>
<b>OPERATING EXPENSES:</b>				
Marketing	250	250	-	250
Contract services	550,000	656,625	330,486	326,139
Insurance	300	300	182	118
Accounting and legal fees	<u>7,200</u>	<u>17,200</u>	<u>14,745</u>	<u>2,455</u>
Total operating expenses	557,750	674,375	345,413	328,962
<b>OPERATING INCOME:</b>	244,143	127,518	441,465	313,947
<b>NONOPERATING INCOME (EXPENSE)</b>				
Interest income	-	-	627,605	627,605
Interest expense	-	-	(1,180,927)	(1,180,927)
Tactical Urbanism	(160,000)	(197,000)	(171,000)	26,000
Other expenses	<u>-</u>	<u>(5,000)</u>	<u>(2,500)</u>	<u>2,500</u>
Total nonoperating expense	<u>(160,000)</u>	<u>(202,000)</u>	<u>(726,822)</u>	<u>(524,822)</u>
Excess (deficiency) of revenues over expenditures	<u>84,143</u>	<u>(74,482)</u>	<u>(285,357)</u>	<u>(210,875)</u>
UNRESTRICTED NET POSITION - beginning of year	<u>(84,143)</u>	<u>74,482</u>	<u>53,328</u>	<u>(21,154)</u>
UNRESTRICTED NET POSITION - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (232,029)</u>	<u>\$ (232,029)</u>

**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 19, 2020

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, 2019, 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 19, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statement, 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 statement, 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, misstatement 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 statement 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

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 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.

**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, 2019**

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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 reported

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*.