Ramapo Local Development Corporation

(A Component Unit of the Town of Ramapo, New York)

Financial Report

December 31, 2017 and 2016

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C O N T E N T S

Independent Auditor's Report

President and Corporation Board
Ramapo Local Development Corporation
Suffern, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Ramapo Local Development Corporation (Corporation), a component unit of the Town of Ramapo, New York (Town), as of and for the years ended December 31, 2017 and 2016, 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, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Investigations

As discussed in Note 6 to the financial statements, the Corporation was subject to investigations regarding past improper financial reporting practices. Our opinion is not modified with respect to this matter.

Economic Dependency

As discussed in Note 1c, the Corporation is economically dependent upon the Town to fund its operations. The Town has also guaranteed repayment of the Corporation's revenue bonds. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 to 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The other supplementary information listed in the accompanying table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 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.

BST & Co. CPAs, LLP

Albany, New York
October 30, 2019

The following Management's Discussion and Analysis (MD&A) provides an introduction and overview of the financial activities and performance of the Ramapo Local Development Corporation (Corporation) for the years ended December 31, 2017 and 2016. The MD&A is designed to assist the reader in focusing on significant matters. The following presentation is by necessity highly summarized. In order to gain a thorough understanding of the Corporation's financial condition, the financial statements, notes and supplementary information described in the Overview of Financial Statements section below should be reviewed in their entirety.

Overview of Financial Statements

The Corporation's financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board (GASB). The Corporation is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when they are paid. Capital assets are capitalized and depreciated over their useful lives. See notes to the financial statements for a summary of the Corporation's significant accounting policies.

The statements of net position present information on the Corporation's assets, deferred outflows of resources, and liabilities, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Corporation's financial position. The statements of revenues, expenses, and changes in net position present information showing how the Corporation's net position changed during the most recent years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in these statements for some items will result in cash flows in future periods. The statements of cash flows relate to the flows of cash. Consequently, only transactions that affect the Corporation's cash accounts are recorded in these statements. A reconciliation is provided at the bottom of the statement of cash flows to assist in the understanding of the difference between cash flows from operating activities and operating loss.

Operations

The Corporation was formed pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York and serves as a component unit of the Town of Ramapo, New York (Town). The Corporation's mission and objectives include lessening the burdens of government by undertaking and promoting urban redevelopment initiatives in the Town that will include real estate acquisition, development and management, real estate project finance, and other community-based economic development activities permissible under the Not-For-Profit Corporation Law. The Corporation's mission also includes providing assistance to the Town in the development of affordable housing; fostering the creation, retention and expansion of jobs and economic opportunities for the benefit of the local economy; and promoting the smart growth and green development within the Town.

Financial Highlights

- During 2017 and 2016, the Corporation's operating activities solely involved the management of the minor-league baseball stadium known as Palisades Credit Union Park (Stadium).
- The Town transferred land to the Corporation located at 301 Pomona Road in November 2016 to be held for sale or redevelopment at a carrying value of $2,040,585. At that time, the transfer was recorded as a contribution from the Town of Ramapo and property held for sale or redevelopment. As noted immediately above, the land was sold subsequent to 2016, after which the land was reported as property under sales contract.
- In April 2017, the Corporation received approximately $1.2 million from a developer who purchased the property located at 301 Pomona Road. The cash receipt, net of deferred selling costs of approximately $30 thousand, was reported as a deposit held under sales contract in the financial statements. See Note 1f for key terms and conditions of the property sale.

Condensed Statements of Net Position

	2017	2016	2015	Increase (Decrease) 2017-2016	Increase (Decrease) 2016-2015
Current assets	$ 2,258,165	$ 2,149,459	$ 1,522,603	$ 108,706	$ 626,856
Noncurrent assets	38,151,588	39,338,396	40,525,204	(1,186,808)	(1,186,808)
Deferred outflows of resources	664,491	692,153	719,815	(27,662)	(27,662)
	41,074,244	42,180,008	42,767,622	(1,105,764)	(587,614)
Current liabilities	2,415,301	1,185,574	874,965	1,229,727	310,609
Non-current liabilities	24,342,883	25,003,874	25,730,776	(660,991)	(726,902)
	26,758,184	26,189,448	26,605,741	568,736	(416,293)
Net position	$ 14,316,060	$ 15,990,560	$ 16,161,881	$ (1,674,500)	$ (171,321)

Total assets and deferred outflows of resources exceeded total liabilities by approximately $14.4 and $16.0 million as of December 31, 2017 and 2016, respectively. The Corporation's current assets increased by approximately $109 thousand from 2016 to 2017, primarily due to increases in accounts receivable from the Rockland Boulders. The Corporation's 2016 current assets increased by approximately $629 thousand from 2015, primarily due to the transfer of property held for sale and redevelopment, offset by decreases in cash. Capital assets decreased by approximately $1.2 million from 2016 to 2017 and 2015 to 2016, due depreciation expense and no capital asset additions.

In 2017, current liabilities increased from 2016 by $1.3 million, primarily attributed to the receipt of cash for a property sale of approximately $1.2 million, in addition to increases in accounts payable and the current portion of bonds payable. Current liabilities increased by $225 thousand from 2015 to 2016, primarily due liquidity issues at the Corporation, resulting in higher payables and amounts due to the Town. In 2017, the decrease in non-current liabilities is attributed to bond principal payments and premium amortization of $640 thousand. In 2016, the decrease in long-term liabilities is attributed to the repayment of bond principal and amortization of premiums on bonds outstanding.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	2017	2016	2015	Increase (Decrease) 2016-2015	Increase (Decrease) 2015-2014
Operating revenues	$ 553,077	$ 735,471	$ 3,775,763	$ (182,394)	$ (3,040,292)
Non-operating revenues	72	2,386	4,361	(2,314)	(1,975)
Total revenues	553,149	737,857	3,780,124	(184,708)	(3,042,267)
Other financing sources	1,232,313	3,149,596	979,908	(1,917,283)	2,169,688
Total inflows	1,785,462	3,887,453	4,760,032	(2,101,991)	(872,579)
Depreciation expense	1,186,808	1,186,808	1,186,808	-	-
Other operating	1,255,114	1,837,370	2,048,969	(582,256)	(211,599)
Total operating	2,441,922	3,024,178	3,235,777	(582,256)	(211,599)
Interest expense	1,018,040	1,034,596	1,065,701	(16,556)	(31,105)
Total expenses	3,459,962	4,058,774	4,301,478	(598,812)	(242,704)
Change in net position	$ (1,674,500)	$ (171,321)	$ 458,554	$ (1,503,179)	$ (629,875)

The Corporation's operating revenues consist of rental and other charges for use of the Stadium including the Rockland Boulders baseball team, and in 2016 also included concerts and events, rental income and the ice rink.

In addition, the Corporation will periodically obtain property from the Town for sale or redevelopment. The Corporation's gain on property held for sale will fluctuate from year to year depending upon the size and timing of ongoing projects. Operating revenues decreased from 2016 to 2017 due to no revenues from the ice rink, concerts and events. Operating revenues decreased from 2015 to 2016 primarily because no property sales occurred in 2016. During 2017, the Corporation received approximately $1.1 million in cash for a property sale, the consideration for which is contingent and variable upon the developer receiving approvals from another local government within the Town.

The Corporation's operating expenses have decreased from 2016 to 2017 due to the planned elimination of the ice rink, concerts and events. The Corporation's operating expenses have decreased from 2015 to 2016, primarily due to a reduced number of events. Interest expense is based on the Corporation's bond repayment schedule.

The Corporation continues to be economically dependent upon the Town to sustain operations. For the years ended December 31, 2017 and 2016, the Town incurred expenses on behalf of the Corporation in the amounts of $954,965 and $1,109,011, respectively. These amounts are reported as operating expenditures and other financing sources in the Corporation's financial statements. In 2017, the Town also contributed $277,348 thousand toward the Corporation's debt service requirements. Additionally, the Town transferred property to the Corporation during 2016 with a book value of $2,040,585.

Contacting the Corporation's Financial Management

This financial report is designed to provide a general overview of the Corporation's finances and to demonstrate the Corporation's accountability for the funds it receives. If you have any questions about this report or need additional financial information, please contact:

Michael Specht, President
Ramapo Location Development Corporation
237 Route 59, Suffern NY 10901

Ramapo Local Development Corporation
(A Component Unit of the Town of Ramapo, New York)

Statements of Net Position

	December 31, 2017	December 31, 2016
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash	$ 12,944	$ 2,002
Accounts receivable	204,636	106,872
Property under sales contracts (Note 1f)	2,040,585	2,040,585
	2,258,165	2,149,459
NONCURRENT ASSETS		
Capital assets		
Non-depreciable	8,338,047	8,338,047
Depreciable, net	29,813,541	31,000,349
	38,151,588	39,338,396
DEFERRED OUTFLOWS OF RESOURCES	664,491	692,153
Total assets and deferred outflows of resources	**$ 41,074,244**	**$ 42,180,008**
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 128,780	$ 85,980
Due to Town of Ramapo	150,000	140,898
Interest payable	312,929	317,785
Deposits under sales contract (Note 1f)	1,162,681	-
Bonds payable, current	660,911	640,911
	2,415,301	1,185,574
NON-CURRENT LIABILITIES		
Bonds payable, net of current portion	24,342,883	25,003,874
NET POSITION		
Net investment in capital assets	13,812,285	14,385,764
Unrestricted	503,775	1,604,796
	14,316,060	15,990,560
Total liabilities and net position	**$ 41,074,244**	**$ 42,180,008**

See accompanying Notes to Financial Statements.

Ramapo Local Development Corporation

(A Component Unit of the Town of Ramapo, New York)

Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended December 31, 2017	Years Ended December 31, 2016
OPERATING REVENUES		
Rockland Boulders rental income	$ 445,884	$ 381,872
Concerts and events	-	163,063
Other rental income	107,193	115,553
Ice rink	-	74,983
	553,077	735,471
OPERATING EXPENSES		
General and administrative	104,348	24,964
Salaries and employee benefits	366,730	423,428
Concerts and events	-	398,577
Professional fees	89,232	111,167
Utilities	292,953	374,780
Repairs and maintenance	235,883	383,953
Real estate taxes	165,968	120,501
Depreciation	1,186,808	1,186,808
	2,441,922	3,024,178
Operating loss	**(1,888,845)**	**(2,288,707)**
OTHER INCOME (EXPENSE)		
Interest income	72	2,386
Interest expense	(1,018,040)	(1,034,596)
	(1,017,968)	(1,032,210)
OTHER FINANCING SOURCE		
Contribution from the Town of Ramapo	1,232,313	3,149,596
Change in net position	**(1,674,500)**	**(171,321)**
NET POSITION, *beginning of year*	15,990,560	16,161,881
NET POSITION, *end of year*	**$ 14,316,060**	**$ 15,990,560**

See accompanying Notes to Financial Statements.

Ramapo Local Development Corporation
(A Component Unit of the Town of Ramapo, New York)

Statements of Cash Flows

	Years Ended December 31, 2017	2016
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Receipts from stadium operations	$ 455,313	$ 1,140,183
Cash received for property under sales contract	1,162,681	-
Payments for contractual expenses	(836,482)	(1,199,519)
Payments for employees and benefits	(366,730)	(423,428)
	414,782	**(482,764)**
CASH FLOWS PROVIDED BY NONCAPITAL FINANCING ACTIVITIES		
Contribution from the Town of Ramapo	**1,232,313**	**1,109,011**
CASH FLOWS USED BY CAPITAL RELATED FINANCING ACTIVITIES		
Bond repayments	(555,000)	(540,000)
Interest payments	(1,081,225)	(1,097,650)
	(1,636,225)	**(1,637,650)**
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Interest income received	**72**	**2,386**
Net (decrease) increase in cash	**10,942**	**(1,009,017)**
CASH, ***beginning of year***	2,002	1,011,019
CASH, ***end of year***	**$ 12,944**	**$ 2,002**
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss	$ (1,888,845)	$ (2,288,707)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities		
Depreciation	1,186,808	1,186,808
Changes in operating assets and liabilities		
Accounts receivable	(97,764)	404,712
Accounts payable and accrued expenses	42,800	73,525
Deposits under sales contract	1,162,681	-
Due to Town of Ramapo	9,102	140,898
	$ 414,782	**$ (482,764)**

See accompanying Notes to Financial Statements.

Note 1 - Organization and Summary of Significant Accounting Policies

a. Business Organization

The Ramapo Local Development Corporation (Corporation), a component unit of the Town of Ramapo, New York (Town), was formed in 2008 by the New York State Legislature under the provisions of Section 1411 of the Not-for-Profit Corporation Law for purposes of fostering the creation, retention and expansion of jobs and economic opportunities in the Town. Additionally, the Corporation is authorized to construct, acquire, rehabilitate and improve facilities for use by others in the Town. During 2016, the Corporation's Board consisted of three members appointed by the Town Board. In 2017, the Town Board increased the Board of the Corporation to five members at which time the members of the Town Board were appointed to also serve as the directors of the Corporation.

The income of the Corporation is exempt from Federal and State income taxes.

b. Basis of Accounting and Financial Statement Presentation

The accounts of the Corporation are maintained in a single proprietary fund on the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). With this measurement focus, all assets, deferred outflows of resources, and liabilities associated with operations are included on the statements of net position.

Revenues are recognized when earned, and expenses are recognized when incurred. The Corporation distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses result from rental of the Corporation's minor-league baseball stadium known as Palisades Credit Union Park (Stadium), and the sale or redevelopment of property. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

c. Economic Dependency

The Town's support of the Corporation is critical to the Corporation's operations and financial condition. The Corporation's revenues and cash flows from Stadium operations are not sufficient to meet its debt service requirements and day-to-day cash needs. As a result, the Corporation is dependent upon the Town for short-term liquidity in the form of inter-organization loans (see Note 1i) and contributions. In addition, the Town incurs administrative and operational costs on behalf of the Corporation that are recorded as contributions. See Note 1e regarding the Town's contribution of property held for sale or redevelopment to the Corporation. A summary of amounts reported as contributions from the Town of Ramapo are as follows:

	2017	2016
Property held under sales contract	$ -	$ 2,040,585
Operating costs	954,865	1,109,011
Debt service costs	277,448	-
	$ 1,232,313	$ 3,149,596

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

c. *Economic Dependency* - Continued

In September 2017, the Town began making the majority of debt service payments on the Corporation's outstanding bonds, which the Town has guaranteed, without being reimbursed by the Corporation. Debt service payments by the Town that the Corporation has the ability to repay are recorded as due to the Town (see Note 1i). Debt service payments by the Town that the Corporation does not have the ability to repay are recorded as contributions from the Town. The Corporation remains contingently liable to reimburse debt service costs incurred on its behalf by the Town back to the Town if it is ever able to do so. The Corporation is contingently liable to the Town for the repayment of contributions for debt service costs of $277,348 as of December 31, 2017. The Corporation had no such contingent liability at December 31, 2016.

d. *Accounts Receivable*

Accounts receivable are stated net of estimated allowances for uncollectible amounts, which are determined based upon past collection experience and current economic conditions. No allowance was considered necessary for the years ended December 31, 2017 and 2016.

e. *Capital Assets*

Capital assets are stated at cost and include all capital assets in excess of $5,000. Depreciation expense is recorded on the straight-line method over the respective lives of the various assets. The estimated useful lives of the Corporation's capital assets are as follows:

Asset Type	Years
Land improvements	40
Buildings	40
Electronics	15
Fixtures and equipment	10

Management periodically reviews capital assets for impairment to determine whether any events or circumstances indicate the carrying value of the assets may not be recoverable. No impairment was identified in 2017 or 2016.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

f. Property Under Sales Contracts and Deposits Held Under Sales Contracts

The Corporation values property under sales contracts at the lower of cost or net realizable value. When property is transferred from the Town, cost represents the Town's carrying value at the time of transfer. In March 2016, the Town transferred, without consideration, a parcel of land to the Corporation, located at 301 Pomona Road, at $2,040,585, the Town's carrying value at the time of transfer. Management has evaluated the property's net realizable value and determined that no impairment was necessary for the years ended December 31, 2017 and 2016.

In April 2017, the Corporation entered into a transaction for the sale of its property located at 301 Pomona Road with a developer who intends to build a 485,000 square foot mixed-use development, including a hotel, retail and residential space. At that time, the buyer made a down payment of approximately $1.2 million. The total potential sale price of approximately $5.8 million is subject to downward adjustment based on the approved amount of square feet of the development. If the approval is less, the price will decrease proportionally. In addition, the buyer intends to grant to the Corporation participation in 10% of profits on the buyer's resale of the property after return of capital, expenses of the development, and a 6% return on the equity of the buyer. If the buyer does not resell the property within 10 years, the Corporation has an option that would monetize their profit share based on a formula.

The Corporation's property sales are accounted for in accordance with GASB Codification Section R30: *Real Estate*. In accordance with these provisions, the Corporation has determined that the above sale has not been consummated for accounting purposes as all consideration under the arrangement has not been exchanged. Under the terms of the contract, the consideration to be exchanged is contingent and variable upon the developer's ability to obtain necessary approvals from certain governmental organizations. Accordingly. the Corporation has applied the deposit method of accounting for reporting this transaction. Under the deposit method, the seller (Corporation) does not recognize any gain or receivable from the buyer (developer) and continues to report in its financial statement the underlying property. Cash received from the buyer (developer) of $1,194,264 is reported as a deposit on the sales contract, net of deferred closing costs of $31,583.

The deposit under sales contract, net of deferred selling costs, will be recognized upon the finalization of the consideration amount, which is expected to occur when the buyer (developer) obtains the necessary approvals from certain governmental organizations. As of the date of the financial statements, no square footage approvals have been obtained, and the profit share agreement is unsigned and in draft form.

g. Deferred Outflows of Resources

The Corporation's deferred outflows of resources represent the difference between the reacquisition price and the net carrying amount of the 2011 revenue bonds that were refunded by the 2013 revenue bonds. The deferred outflows are being amortized on a straight-line basis and are reported as a component of interest expense. Amortization of the deferred outflow was $27,662 for the years ended December 31, 2017 and 2016.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

h. Due to the Town of Ramapo

As described in Note 1c, the Town provides liquidity support to the Corporation on a periodic basis. Amounts due to the Town for liquidity support as of December 31, 2017 and 2016 were $150,000 and $140,898, respectively. All amounts due were repaid to the Town in the subsequent year, respectively.

i. Net Position

The following terms are used in reporting net position:

Net Investment in Capital Assets - consists of capital assets, including restricted capital assets, if any, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, and deferred outflows from refundings.

Restricted - is reported as restricted when constraints placed on net position use are either:

a. Externally imposed by creditors (such as debt covenants), grantors, contributors, laws, or regulations of other governments, or

b. Imposed by law through constitutional provisions or enabling legislation.

Unrestricted - is the net amount of assets, deferred outflows of resources, and liabilities that is not included in the determination of net investment in capital assets or restricted components of net position described above.

j. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, 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 year. Actual results could differ from those estimates.

k. Subsequent Events

The Corporation has evaluated subsequent events for potential recognition or disclosure through October 30, 2019, the date the financial statements were available to be issued.

Note 2 - Cash and Investments

In accordance with the provisions of the Official Compilation of Codes, Rules and Regulations of the State of New York, Title 2, Chapter V, Part 201.3 (Part 201.3), all Corporation deposits, including certificates of deposit and special time deposits in excess of the amount insured under the provisions of the Federal Deposit Insurance Act, must be collateralized by a pledge of eligible securities, letters of credit, or surety bonds. As of December 31, 2017 and 2016, the Federal Deposit Insurance Corporation (FDIC) insurance was sufficient to secure the Corporation's deposits.

Note 2 - Cash and Investments - Continued

The Corporation's investment policies are governed by Part 201.3. In addition, the Corporation has its own written investment policy. Corporation monies must be deposited in FDIC insured commercial banks or trust companies located within the state. Permissible investments include obligations of the U.S. Treasury and U.S. agencies, repurchase agreements, obligations of New York State or its localities, and Certificates of Participation.

The written investment policy requires repurchase agreements to be purchased from banks located within the State and that underlying securities must be obligations of the federal government.

Note 3 - Capital Assets

The following tables summarize changes in the Corporation's capital asset balances:

	December 31, 2016	Additions	Disposals	December 31, 2017
Capital assets being depreciated				
Land improvements	$ 5,674,882	$ -	$ -	$ 5,674,882
Buildings	26,837,206	-	-	26,837,206
Electronics	1,432,781	-	-	1,432,781
Fixtures and equipment	2,784,869	-	-	2,784,869
Total capital assets being depreciated	36,729,738	-	-	36,729,738
Less accumulated depreciation	(5,729,389)	(1,186,808)	-	(6,916,197)
	31,000,349	(1,186,808)	-	29,813,541
Capital assets not being depreciated				
Land and improvements	8,338,047	-	-	8,338,047
Capital assets, net	$ 39,338,396	$ (1,186,808)	$ -	$ 38,151,588

	December 31, 2015	Additions	Disposals	December 31, 2016
Capital assets being depreciated				
Land improvements	$ 5,674,882	$ -	$ -	$ 5,674,882
Buildings	26,837,206	-	-	26,837,206
Electronics	1,432,781	-	-	1,432,781
Fixtures and equipment	2,784,869	-	-	2,784,869
Total capital assets being depreciated	36,729,738	-	-	36,729,738
Less accumulated depreciation	(4,542,581)	(1,186,808)	-	(5,729,389)
	32,187,157	(1,186,808)	-	31,000,349
Capital assets not being depreciated				
Land and improvements	8,338,047	-	-	8,338,047
Capital assets, net	$ 40,525,204	$ (1,186,808)	$ -	$ 39,338,396

Note 4 - Bonds Payable

The following tables summarize the changes in bonds payable:

	January 1, 2017	Issuances/ Additions	Repayments/ Reductions	December 31, 2017	Amounts Due Within One Year
Bond principal	$ 23,495,000	$ -	$ 555,000	$ 22,940,000	$ 575,000
Bond premium	2,149,785	-	85,991	2,063,794	85,911
	$ 25,644,785	$ -	$ 640,991	$ 25,003,794	$ 660,911

	January 1, 2016	Issuances/ Additions	Repayments/ Reductions	December 31, 2016	Amounts Due Within One Year
Bond principal	$ 24,035,000	$ -	$ 540,000	$ 23,495,000	$ 555,000
Bond premium	2,235,776	-	85,991	2,149,785	85,911
	$ 26,270,776	$ -	$ 625,991	$ 25,644,785	$ 640,911

Bonds payable at December 31, 2017 are comprised of the following:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Amounts Outstanding December 31, 2017
Baseball Stadium	2013	$ 25,000,000	March 2041	2% - 5%	$ 22,940,000

Aggregate minimum maturities of debt service are as follows:

	Principal	Interest	Total
December 31,			
2018	$ 575,000	$ 1,072,900	$ 1,647,900
2019	590,000	1,055,650	1,645,650
2020	605,000	1,037,950	1,642,950
2021	625,000	1,019,800	1,644,800
2022	645,000	991,375	1,636,375
2023-2027	3,615,000	4,532,475	8,147,475
2028-2032	4,590,000	3,519,750	8,109,750
2033-2037	5,865,000	2,219,375	8,084,375
2038-2041	5,830,000	600,500	6,430,500
	$ 22,940,000	$ 16,049,775	$ 38,989,775

In accordance with the underlying bond offering document, the Corporation's bonds are guaranteed by the Town.

Note 5 - Commitments

The Corporation entered into a 20-year lease commencing June 2011 with the Rockland Boulders, a professional baseball team which is a member of the Canadian American League. Pursuant to the lease, the team maintains their administrative offices in the Stadium building for the entire year. In addition, the team has exclusive rights to the field and Stadium for 65 days a year to accommodate their home game season schedule and pre-season events. The base rent is $175,000 per year plus additional rent, subject to deductions for certain direct expenses, calculated as follows:

- $1 for every fixed seat ticket sold per professional baseball game up to and including the first 150,000 tickets sold (excluding suite seats sold, which are paid on a gross basis without deduction for the Corporation's expenses).
- $2 for every fixed seat ticket sold per professional baseball game above the first 150,000 tickets sold.
- $2 for each car paid and parked for a professional baseball game, as long as the Corporation provides at a minimum 1,200 parking spaces for each event.
- 20% of the Corporation's share of proceeds from sales of merchandise sold at the ballpark on the days professional baseball games are played.
- 10% of the Corporation's share of proceeds from of all food and beverage items sold.
- 50% of net revenue from all broadcast advertising.
- 50% of any ballpark naming rights.
- 50% of revenue from licensing of or other grant of use rights to ballpark suites.

The lease provides that within sixty (60) days prior to the eleventh (11^{th}) anniversary date of the opening date, the parties to this agreement have agreed to meet in good faith to discuss equitable adjustments to the rental amounts per the original agreement.

Note 6 - Other Matters

On April 14, 2016, the Securities and Exchange Commission ("SEC") filed a complaint and jury demand against the Town, the Corporation, the former Town Supervisor who also served as the President of the Corporation, the former Executive Director of the Corporation, the Town Attorney and the former Deputy Finance Director in connection with fraudulent misrepresentations and omissions about the financial condition of the Town and the Corporation in connection with security offerings made by the Town and the Corporation between September 2010 and September 2015. According to the claim, the defendants attempted to mask the deterioration and inflate the Town's general fund in order to facilitate bond offerings.

In a parallel action on the same date, the U.S. Attorney's Office for the Southern District of New York announced an indictment charging the former Town Supervisor and President of the Corporation, and the former Executive Director of the Corporation with 22 counts of conspiracy, securities fraud and wire fraud. According to the indictment, the defendants lied about the Town's and Corporation's financial conditions in order to ensure successful sales of municipal bonds issued by the Town and the Corporation and to get better ratings on those bonds so that the Town and the Corporation would be required to pay less interest on the bonds.

Note 6 - Other Matters - Continued

On March 7, 2017, the former Executive Director of the Corporation pled guilty to securities fraud and conspiracy and was sentenced on January 2, 2018 to probation and a fine of $20,000.

On May 19, 2017, the former Town Supervisor who also served as the President of the Corporation was found guilty by a federal jury of 20 counts of conspiracy, securities fraud and wire fraud and was thus dismissed from his positions.

On November 29, 2017, the Town and the Corporation entered into a final judgment with the SEC which permanently enjoins the Town and Corporation from violating Section 17(a) of the Securities Act of 1933, and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder, and, additionally, imposes undertakings on the Town and Corporation as follows:

a) Requiring the Town and Corporation to retain an independent consultant (IC) with municipal finance experience appointed by the Court to review and recommend improvements to the Town's and Corporation's financial reporting procedures and controls, as well as the Town's and the Corporation's municipal securities offerings disclosure policies and procedures, to require the Town and Corporation to adopt any such recommendations, and for the IC to review and assess the sufficiency of the Town's and Corporation's implementation of the IC's recommendations for two full fiscal years thereafter;

b) Requiring the Town and Corporation, for fiscal years 2017, 2018, and 2019, to retain an independent auditing firm, not unacceptable to the SEC staff, to conduct audits of the Town's and the Corporation's annual financial statements for those fiscal years; and

c) Requiring that, for a period of three years from the date of the entry of the Judgment, the Town and Corporation may not participate in the offer and sale of any municipal securities for which the Town and Corporation are issuers or obligated persons unless the Town and Corporation have, prior to each such offering retained an Independent Disclosure Counsel (IDC) not unacceptable to the SEC staff and which are also unaffiliated with the bond counsel retained for such offering. The IDC shall participate in the preparation of the disclosure document for the offering, assist the Town and Corporation in performing a reasonable investigation concerning the accuracy and completeness of that disclosure document, and render an opinion to the effect that, during its work, nothing came to its attention that would cause it to believe that the disclosure document contains, as of the date of the opinion, any untrue statement of a material fact or omits to state any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, including the disclosure therein of the terms of the Judgment in this case.

The Town and the Corporation have been complying with all aspects of the Judgment through the date of these financial statements.

On June 6, 2018, the SEC obtained final judgments against the former Executive Director of the Corporation, the Town Attorney and the former Deputy Finance Director. The judgment permanently enjoins the former Executive Director of the Corporation, the Town Attorney and the former Deputy Finance Director from violating Section 17(a) of the Securities Act of 1933, and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. The final judgments also order the former Deputy Finance Director to pay $10,000 in civil penalties and the Town Attorney to pay $25,000 in civil penalties and require the Deputy Finance Director and Town Attorney to resign from their employment with Ramapo, New York and prohibit them, for five and seven years, respectively, from being employed by Ramapo. The Deputy Finance Director and Town Attorney consented to their respective final judgments without admitting or denying the allegations in the SEC's complaint.

Note 6 - Other Matters - Continued

The former Executive Director of the Corporation previously pled guilty to criminal charges in the parallel criminal case brought by the U.S. Attorney's Office for the Southern District of New York. The SEC also obtained lifetime bars prohibiting him from participating in municipal bond offerings.

On November 15, 2018, a federal court prohibited the former Town Supervisor who also served as the President of the Corporation from participating in offerings of municipal securities and ordered him to pay $327,000 in civil penalties in a fraud action brought by the Securities and Exchange Commission.

On December 13, 2017, the former Town Supervisor who also served as the President of the Corporation was sentenced to 30 months in prison and fined $75,000.

All litigation related to the above is considered settled.

Note 7 - Accounting Pronouncements Issued But Not Yet Implemented

GASB Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83). GASB 83 establishes criteria for determining the timing and pattern of recognition for a liability and corresponding deferred outflow of resources for asset retirement obligations. This statement required that recognition occur when the liability is both incurred and reasonably estimable. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 85, *Omnibus* 2017 (GASB 85). GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 86, *Certain Debt Extinguishment Issues* (GASB 86). GASB 86 addresses accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also addresses accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 87, *Leases.* This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and the recognition of inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

Note 7 - Accounting Pronouncements Issued But Not Yet Implemented - Continued

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements.* This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant acceleration clauses. For notes to financial statements related to debt, this statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.

GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period.* This statement establishes accounting requirements for interest cost incurred before the end of a construction period. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 90, *Majority Equity Interests.* This statement will provide financial reporting users with information related to the presentation of majority equity interests in legally separate organizations. In addition, this statement required the reporting of information about component units if the government acquires 100% equity interest about the cost of services to be provided by the component unit in relation to the consideration provided to acquire the component unit. The requirements for this statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 91, *Conduit Debt Obligations*. This statement will provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The statement also addresses arrangements, often characterized as leases, that are associated with conduit debt obligations, noting that issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

The Corporation's management is not able to estimate the extent of the potential impact of these statements on the future financial statements.

Ramapo Local Development Corporation
(A Component Unit of the Town of Ramapo, New York)

Other Supplementary Information - Schedule of Operating Losses

	Years Ended December 31, 2017	2016
OPERATING REVENUES	$ 553,077	$ 735,471
OPERATING EXPENSES		
General and administrative	104,348	24,964
Salaries and employee benefits	366,730	423,428
Concerts and events	-	398,577
Professional fees	89,232	111,167
Utilities	292,953	374,780
Repairs and maintenance	235,883	383,953
Real estate taxes	165,968	120,501
	1,255,114	1,837,370
Operating loss, before depreciation expense	**(702,037)**	**(1,101,899)**
Depreiciation expense	1,186,808	1,186,808
Total operating loss	**$ (1,888,845)**	**$ (2,288,707)**

See accompanying Notes to Financial Statements.

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*

Board of Directors
Ramapo Local Development Corporation
Suffern, New York

We have audited, 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, the financial statements of the Ramapo Local Development Corporation (Corporation) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated October 30, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as 2017-001 that we consider to be a material weakness.

Corporation's Response to Finding

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

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.

BST & Co. CPAs, LLP

Albany, New York
October 30, 2019

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Ramapo Local Development Corporation
(A Component Unit of the Town of Ramapo, New York)

Schedule of Findings and Responses
December 31, 2017 and 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of report auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	X	Yes		No
• Significant deficiency(ies) identified?		Yes	X	None reported
Noncompliance material to financial statements noted?		Yes	X	No

Section II - Financial Statement Findings

2017-001 Monitoring of Financial Reporting Processes

Criteria: The control environment is the set of standards, processes, and structures that provide the basis for carrying out internal control across the Corporation. The Board of Directors and senior management establish the tone at the top regarding the importance of internal control and expected standards of conduct.

Condition and cause: For a portion of the year ended December 31, 2017, the Corporation's internal control structure was not properly designed, and therefore, not operating effectively. The Corporation Board failed to adequately monitor the internal control structure of the Corporation's finance department, which has resulted in material errors and delayed financial statements.

Effect or potential effect: Without adequate oversight and monitoring procedures, multiple material weaknesses and significant deficiencies have been identified. Material adjusting journal entries are required to prepare the Corporation's financial statements in accordance with U.S. GAAP, and financial reporting has been significantly delayed.

Recommendation: We recommend that members of the Corporation Board implement internal controls to effectively monitor the design and operating effectiveness of internal controls over financial reporting.

View of responsible officials: The Corporation is a component unit of the Town of Ramapo (Town). In May 2017, the Board of the Town took complete control of the management and financial reporting of the Corporation. The Board of the Corporation was reconstituted, and the members of the Board of the Town were appointed to also serve as the Board of the Corporation. The Supervisor of the Town was appointed as the President of the Corporation, and the Director of Finance of the Town was appointed the Treasurer of the Corporation. A qualified accountant was assigned to maintain the books and records of the Corporation and to prepare and distribute monthly financial reports to the Board. With the above changes, the Corporation is now adhering to best practices in financial management and reporting.

October 30, 2019

President and Corporation Board
Ramapo Local Development Corporation
237 Route 59
Suffern, New York 10901

Dear President and Corporation Board Members:

We are pleased to present this report related to our audit of the financial statements of the Ramapo Local Development Corporation (Corporation) as of and for the year ended December 31, 2017. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Corporation's financial reporting process.

This report is intended solely for the information and use of the President and Corporation Board members, and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to be of service to the Corporation.

Very truly yours,

BST & Co. CPAs, LLP

Brendan K. Kennedy

Brendan K. Kennedy, Partner

BKK/emt

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Albany, NY / New York, NY

Ramapo Local Development Corporation

Communication With Those Charged With Governance
Year Ended December 31, 2017

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities With Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States have been described to you in our arrangement letter dated March 28, 2019. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated March 18, 2019 regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Corporation. The Corporation did not adopt any significant new accounting policies, nor have there been any changes in existing significant accounting policies during the current period.

Significant or Unusual Transactions

We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Exhibit A, Summary of Significant Accounting Estimates.

Ramapo Local Development Corporation

Communication With Those Charged With Governance
Year Ended December 31, 2017

Audit Adjustments

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Departure From the Auditor's Standard Report

We included the following emphasis-of-matter paragraphs in our report:

> *Investigations*
>
> As discussed in Note 6 to the financial statements, the Corporation was subject to investigations regarding past improper financial reporting practices. Our opinion is not modified with respect to this matter.
>
> *Economic Dependency*
>
> As discussed in Note 1c , the Corporation is economically dependent upon the Town to fund its operations. The Town has also guaranteed repayment of the Corporation's revenue bonds. Our opinion is not modified with respect to this matter.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

Consultations with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

The following significant issues were discussed with management:

- Accounting and financial reporting for property held for sale or redevelopment.
- Related party transactions with the Town of Ramapo.

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Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Letter Communicating Material Weaknesses in Internal Control over Financial Reporting

We have separately communicated the material weaknesses in internal control over financial reporting identified during our audit of the basic financial statements as required by *Government Auditing Standards*.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of the Corporation, including the representation letter provided to us by management, are attached as Exhibit B.

Ramapo Local Development Corporation

Summary of Significant Accounting Estimates
Year Ended December 31, 2017

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Corporation's December 31, 2017 financial statements:

Estimate	Accounting Policy	Estimation Process
Property Held for Sale or Redevelopment	The Corporation values property held for sale or redevelopment at the lower of cost or net realizable value.	The estimate is evaluated by management using property value trends provided by the Town's assessor's office and other known market conditions.
Depreciation Expense	At the time an asset is inventoried, its useful life and acquisition date are determined in compliance with the capital asset policy and entered into the fixed asset system accordingly. The depreciation expense is recorded annually for financial statement preparation.	All capital assets are depreciated using the straight-line method over the estimated useful lives determined.
Allowance for Uncollectible Receivables	Receivables are reduced to their net realizable value. An allowance for uncollectible receivables is recorded as a contra asset and a corresponding expense.	Management will perform a calculation to determine what portion of the outstanding receivable balances may be uncollectible.

We have evaluated management's significant accounting estimates noted above as part of our audit and concluded that management's estimates and the estimation process appear reasonable in the context of the financial statements taken as a whole.

Exhibit B

Ramapo Local Development Coporation

Significant Written Communications
Between Management and our Firm
Year Ended December 31, 2017

Representation Letter

RAMAPO LOCAL DEVELOPMENT CORPORATION

237 Route 59
Suffern, New York 10901
(845) 357-5100 Fax: (845) 357-7209

Michael Specht
President

John Lynch
Treasurer

October 30, 2019

BST & Co. CPAs, LLP
26 Computer Drive West
Albany, New York 12205

This representation letter is provided in connection with your audit of the basic financial statements of the Ramapo Local Development Corporation (Corporation) as of and for the years ended December 31, 2017 and 2016, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of October 30, 2019:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated March 28, 2019, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.

2. We acknowledge our responsibility for 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.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.

5. Related-party transactions, including those with the primary government having accountability for the Corporation, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

8. We have not completed the process of evaluating the effect that will result from adopting the guidance in Governmental Accounting Standards Board (GASB) Accounting Statements discussed in Note 7. The Corporation is therefore unable to disclose the effect that adopting the guidance in these

Statements will have on its financial position and the results of operations when such guidance is adopted.

9. With respect to services you performed to assist in the drafting of the financial statements in the course of the audits:

   a. We have made all management decisions and performed all management functions;

   b. We assigned an appropriate individual to oversee the services;

   c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;

   d. We have accepted responsibility for the results of the services; and

   e. We have accepted responsibility for all significant judgments and decisions that were made.

10. We have no direct or indirect, legal or moral, obligation for any debt of any organization, public or private, or to special assessment bond holders.

11. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the periods of these audits.

12. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

13. We have provided you with:

    a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters;

    b. Additional information that you have requested from us for the purpose of the audits;

    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and

    d. Minutes of the meetings of the governing boards and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

14. All transactions have been recorded in the accounting records and are reflected in the financial statements.

15. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

16. We have disclosed to you all information that we are aware of regarding allegations of fraud or suspected fraud affecting the entity's financial statements involving:
    a. Management.

    b. Employees who have significant roles in internal control.

c. Others where the fraud could have a material effect on the financial statements.

17. We have disclosed to you all information that we are aware of regarding any allegations of fraud or suspected fraud affecting the entity's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.

18. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing the financial statements.

19. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

20. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.

21. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Corporation's ability to record, process, summarize and report financial data.

22. We have informed you of all communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

23. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

24. With respect to Management's Discussion and Analysis presented as required by the Governmental Accounting Standards Board to supplement the basic financial statements:

    a. We acknowledge our responsibility for the presentation of such required supplementary information.

    b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.

    c. The methods of measurement or presentation have not changed from those used in the prior period.

Compliance Considerations

25. In connection with your audits conducted in accordance with *Government Auditing Standards*, we confirm that management:

    a. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.

    b. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the Corporation.

    c. Has identified and disclosed to the you all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

d. Has identified and disclosed to you all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.

e. Has identified and disclosed to you all instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.

f. Is responsible for 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.

g. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.

h. Has taken timely and appropriate steps to remedy fraud; noncompliance with provisions of laws, regulations, contracts and grant agreements; or abuse that you report.

i. Has a process to track the status of audit findings and recommendations.

j. Has identified for you previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.

k. Has provided views on your reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.

l. Acknowledges its responsibilities as they relate to non-audit services performed by you, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

Very truly yours,

RAMAPO LOCAL DEVELOPMENT CORPORATION

Michael Specht, President

John Lynch, Treasurer