

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

Financial Report

December 31, 2019 and 2018

Ramapo Local Development Corporation

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

Financial Report

December 31, 2019 and 2018

CONTENTS

	Page
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-6
Financial Statements	
Statements of Net Position	7
Statements of Revenues, Expenses, and Changes in Net Position	8
Statements of Cash Flows	9
Notes to Financial Statements	10-19
Other Supplementary Information	
Schedule of Operating Losses	20
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	21-22



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, as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 2018, 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 audits 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 March 11, 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.

Albany, New York
March 11, 2020

BST & CO. CPAs, LLP



Ramapo Local Development Corporation

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

Management's Discussion and Analysis December 31, 2019 and 2018

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, 2019 and 2018. The MD&A is designed to assist the reader in focusing on significant matters. The following presentation is by necessity highly summarized, and 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 2019 and 2018, the Corporation's operating activities solely involved the management of the minor-league baseball stadium known as Palisades Credit Union Park (Stadium).
- In April 2017, the Corporation received approximately \$1.2 million from a developer who purchased property located at 301 Pomona Road. The cash receipt was reported as a deposit held under sales contract in the financial statements, net of closing costs of approximately \$30 thousand. See Note 1f for key terms and conditions of the property sale.

Ramapo Local Development Corporation

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

Management's Discussion and Analysis December 31, 2019 and 2018

Condensed Statements of Net Position

	2019	2018	2017	Increase (Decrease) 2019-2018	Increase (Decrease) 2018-2017
Current assets	\$ 2,437,899	\$ 2,252,291	\$ 2,258,165	\$ 185,608	\$ (5,874)
Noncurrent assets, net	35,821,412	37,020,715	38,151,588	\$ (1,199,303)	(1,130,873)
Deferred outflows of resources	609,167	636,829	664,491	\$ (27,662)	(27,662)
	<u>38,868,478</u>	<u>39,909,835</u>	<u>41,074,244</u>	<u>(1,041,357)</u>	<u>(1,164,409)</u>
Current liabilities	2,175,664	2,266,619	2,415,301	(90,955)	(148,682)
Non-current liabilities	22,975,901	23,666,892	24,342,883	(690,991)	(675,991)
	<u>25,151,565</u>	<u>25,933,511</u>	<u>26,758,184</u>	<u>(781,946)</u>	<u>(824,673)</u>
Net position	<u>\$ 13,716,913</u>	<u>\$ 13,976,324</u>	<u>\$ 14,316,060</u>	<u>\$ (259,411)</u>	<u>\$ (339,736)</u>

Total assets and deferred outflows of resources exceeded total liabilities by approximately \$13.7 and \$14.0 million as of December 31, 2019 and 2018, respectively. The Corporation's current assets increased by approximately \$186 thousand from 2018 to 2019. The Corporation's 2018 current assets decreased by approximately \$6 thousand from 2017. Capital assets decreased by approximately \$1.2 million from 2018 to 2019 due to depreciation expense and 2017 to 2018, due to depreciation expense offset by approximately \$62 thousand in capital asset additions.

Current liabilities decreased by \$91 thousand from 2018 to 2019 primarily due to a reduction in amounts payable to the Town and the non-cash settlement of a vendor liability made by the Town on behalf of the Corporation. In 2018, current liabilities decreased from 2017 by \$149 thousand, primarily due to decreases in accounts payable and the amounts due to the Town. In 2019 and 2018, the decrease in non-current liabilities is attributed to the decrease in the long-term portion of bonds payable.

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

	2019	2018	2017	Increase (Decrease) 2019-2018	Increase (Decrease) 2018-2017
Operating revenues	\$ 500,889	\$ 483,407	\$ 553,077	\$ 17,482	\$ (69,670)
Non-operating revenues	101	57	72	44	(15)
Total revenues	500,990	483,464	553,149	17,526	(69,685)
Other financing sources	2,145,295	2,302,215	1,232,313	(156,920)	1,069,902
Total inflows	<u>2,646,285</u>	<u>2,785,679</u>	<u>1,785,462</u>	<u>(139,394)</u>	<u>1,000,217</u>
Depreciation expense	1,199,303	1,193,023	1,186,808	6,280	6,215
Other operating	722,490	931,477	1,255,114	(208,987)	(323,637)
Total operating	1,921,793	2,124,500	2,441,922	(202,707)	(317,422)
Interest expense	983,903	1,000,915	1,018,040	(17,012)	(17,125)
Total expenses	<u>2,905,696</u>	<u>3,125,415</u>	<u>3,459,962</u>	<u>(219,719)</u>	<u>(334,547)</u>
Change in net position	<u>\$ (259,411)</u>	<u>\$ (339,736)</u>	<u>\$ (1,674,500)</u>	<u>\$ 80,325</u>	<u>\$ 1,334,764</u>

Ramapo Local Development Corporation

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

Management's Discussion and Analysis December 31, 2019 and 2018

The Corporation's operating revenues consist of rental and other charges for use of the Stadium, including the rental revenues pursuant to the long-term lease with the New York Boulders (formerly Rockland Boulders) baseball team.

Operating revenues remained relatively consistent from 2018 to 2019, due to no significant change in operations. Operating revenues decreased from 2017 to 2018 due to decreased revenues from the Rockland Boulders. During 2017, the Corporation received approximately \$1.2 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 in 2019, 2018 and 2017 due to the elimination of the ice rink, concerts and events, and other reductions in operating expenses by management.

The Corporation continues to be economically dependent upon the Town to sustain operations. For the years ended December 31, 2019 and 2018, the Town incurred expenses on behalf of the Corporation in the amounts of \$508,495 and \$662,940, respectively. These amounts are reported as operating expenditures and other financing sources in the Corporation's financial statements. In 2019 and 2018, the Town also contributed \$1,636,800 and \$1,639,275, respectively, toward the Corporation's debt service requirements.

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 Local 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,	
	2019	2018
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash	\$ 202,411	\$ 56,723
Accounts receivable	194,903	154,983
Property under sales contracts (Note 1f)	2,040,585	2,040,585
	<u>2,437,899</u>	<u>2,252,291</u>
NONCURRENT ASSETS		
Capital assets		
Non-depreciable	8,338,047	8,338,047
Depreciable, net	27,483,365	28,682,668
	<u>35,821,412</u>	<u>37,020,715</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>609,167</u>	<u>636,829</u>
Total assets and deferred outflows of resources	<u>\$ 38,868,478</u>	<u>\$ 39,909,835</u>
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 4,267	\$ 57,129
Due to Town of Ramapo	15,000	63,000
Interest payable	302,805	307,898
Deposits under sales contract (Note 1f)	1,162,681	1,162,681
Bonds payable, current	690,911	675,911
	<u>2,175,664</u>	<u>2,266,619</u>
NON-CURRENT LIABILITIES		
Bonds payable, net of current portion	<u>22,975,901</u>	<u>23,666,892</u>
NET POSITION		
Net investment in capital assets	12,763,767	13,314,741
Unrestricted	953,146	661,583
	<u>13,716,913</u>	<u>13,976,324</u>
Total liabilities and net position	<u>\$ 38,868,478</u>	<u>\$ 39,909,835</u>

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,	
	2019	2018
OPERATING REVENUES		
New York Boulders rental income	\$ 367,903	\$ 366,297
Other rental income	132,986	117,110
	<u>500,889</u>	<u>483,407</u>
OPERATING EXPENSES		
General and administrative	141,549	87,768
Salaries and employee benefits	108,250	153,120
Professional fees	70,640	121,489
Utilities	246,515	282,945
Repairs and maintenance	120,305	248,399
Real estate taxes	35,231	37,756
Depreciation	1,199,303	1,193,023
	<u>1,921,793</u>	<u>2,124,500</u>
Operating loss	<u>(1,420,904)</u>	<u>(1,641,093)</u>
OTHER INCOME (EXPENSE)		
Interest income	101	57
Interest expense	(983,903)	(1,000,915)
	<u>(983,802)</u>	<u>(1,000,858)</u>
OTHER FINANCING SOURCE		
Contribution from the Town of Ramapo	2,145,295	2,302,215
	<u>2,145,295</u>	<u>2,302,215</u>
Change in net position	(259,411)	(339,736)
NET POSITION, <i>beginning of year</i>	<u>13,976,324</u>	<u>14,316,060</u>
NET POSITION, <i>end of year</i>	<u>\$ 13,716,913</u>	<u>\$ 13,976,324</u>

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,	
	2019	2018
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Receipts from Stadium operations	\$ 500,889	\$ 483,407
Payments for contractual expenses	(755,022)	(887,355)
Payments for employees and benefits	(108,250)	(153,120)
	(362,383)	(557,068)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Contribution from the Town of Ramapo	2,145,295	2,302,215
Insurance recoveries received	-	-
	2,145,295	2,302,215
CASH FLOWS USED BY CAPITAL RELATED FINANCING ACTIVITIES		
Bond repayments	(590,000)	(575,000)
Acquisition of capital assets	-	(62,150)
Interest payments	(1,047,325)	(1,064,275)
	(1,637,325)	(1,701,425)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Interest income received	101	57
	145,688	43,779
Net increase in cash		
	145,688	43,779
CASH, beginning of year	56,723	12,944
	\$ 202,411	\$ 56,723
CASH, end of year		
	\$ 202,411	\$ 56,723
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss	\$ (1,420,904)	\$ (1,641,093)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities		
Depreciation expense	1,199,303	1,193,023
Changes in operating assets and liabilities		
Accounts receivable	(39,920)	49,653
Accounts payable and accrued expenses	(52,862)	(71,651)
Due to Town of Ramapo	(48,000)	(87,000)
	\$ (362,383)	\$ (557,068)

See accompanying Notes to Financial Statements.

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

Notes to Financial Statements
December 31, 2019 and 2018

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. The Corporation's Board consists of five members appointed by the Town Board. The members of the Town Board 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 1h) and contributions. In addition, the Town incurs administrative and operational costs on behalf of the Corporation that are recorded as contributions. See Note 1f 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:

	2019	2018
Operating costs	\$ 508,495	\$ 662,940
Debt service costs	1,636,800	1,639,275
	\$ 2,145,295	\$ 2,302,215

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

Notes to Financial Statements
December 31, 2019 and 2018

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 1h). 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 to the Town debt service costs paid on its behalf by the Town if it is ever able to do so. The Corporation is contingently liable to the Town for the repayment of accumulated contributions for debt service costs paid as follows:

Fiscal Year	Amount
2017	\$ 277,348
2018	1,916,523
2019	1,622,325
Total contingent obligation, December 31, 2019	\$ 3,816,196

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, 2019 and 2018.

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 2019 or 2018.

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

Notes to Financial Statements
December 31, 2019 and 2018

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

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

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, 2019 and 2018.

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 Governmental Accounting Standards Board (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, 2019 and 2018.

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

Notes to Financial Statements
December 31, 2019 and 2018

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, 2019 and 2018 were \$15,000 and \$63,000, 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.

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 March 11, 2020 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, 2019, and 2018, the Federal Deposit Insurance Corporation (FDIC) insurance was sufficient to secure the Corporation's deposits.

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

Notes to Financial Statements
December 31, 2019 and 2018

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,			
	2018	Additions	Disposals	2019
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	<u>2,847,019</u>	-	-	<u>2,847,019</u>
Total capital assets being depreciated	36,791,888	-	-	36,791,888
Less accumulated depreciation	<u>(8,109,220)</u>	<u>(1,199,303)</u>	-	<u>(9,308,523)</u>
	<u>28,682,668</u>	<u>(1,199,303)</u>	-	<u>27,483,365</u>
Capital assets not being depreciated				
Land and improvements	<u>8,338,047</u>	-	-	<u>8,338,047</u>
Capital assets, net	<u>\$ 37,020,715</u>	<u>\$ (1,199,303)</u>	<u>\$ -</u>	<u>\$ 35,821,412</u>

	December 31,			
	2017	Additions	Disposals	2018
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	<u>2,784,869</u>	<u>62,150</u>	-	<u>2,847,019</u>
Total capital assets being depreciated	36,729,738	62,150	-	36,791,888
Less accumulated depreciation	<u>(6,916,197)</u>	<u>(1,193,023)</u>	-	<u>(8,109,220)</u>
	<u>29,813,541</u>	<u>(1,130,873)</u>	-	<u>28,682,668</u>
Capital assets not being depreciated				
Land and improvements	<u>8,338,047</u>	-	-	<u>8,338,047</u>
Capital assets, net	<u>\$ 38,151,588</u>	<u>\$ (1,130,873)</u>	<u>\$ -</u>	<u>\$ 37,020,715</u>

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

Notes to Financial Statements
December 31, 2019 and 2018

Note 4 - Bonds Payable

The following tables summarize the changes in bonds payable:

	January 1, 2019	Issuances/ Additions	Repayments/ Reductions	December 31, 2019	Amounts Due Within One Year
Bond principal	\$ 22,365,000	\$ -	\$ 590,000	\$ 21,775,000	\$ 605,000
Bond premium	1,977,803	-	85,991	1,891,812	85,911
	<u>\$ 24,342,803</u>	<u>\$ -</u>	<u>\$ 675,991</u>	<u>\$ 23,666,812</u>	<u>\$ 690,911</u>
	January 1, 2018	Issuances/ Additions	Repayments/ Reductions	December 31, 2018	Amounts Due Within One Year
Bond principal	\$ 22,940,000	\$ -	\$ 575,000	\$ 22,365,000	\$ 590,000
Bond premium	2,063,794	-	85,991	1,977,803	85,911
	<u>\$ 25,003,794</u>	<u>\$ -</u>	<u>\$ 660,991</u>	<u>\$ 24,342,803</u>	<u>\$ 675,911</u>

Bonds payable at December 31, 2018 are comprised of the following:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rate	Amounts Outstanding December 31, 2019
Baseball Stadium	2013	\$ 25,000,000	March 2041	2% - 5%	\$ 21,775,000

Aggregate minimum maturities of debt service are as follows:

	Principal	Interest	Total
December 31,			
2020	605,000	1,028,875	1,633,875
2021	625,000	1,010,425	1,635,425
2022	645,000	991,375	1,636,375
2023	665,000	971,725	1,636,725
2024	685,000	944,325	1,629,325
2025-2029	3,970,000	4,160,500	8,130,500
2030-2034	5,060,000	3,037,500	8,097,500
2035-2039	6,465,000	1,603,125	8,068,125
2040-2041	3,055,000	154,625	3,209,625
	<u>\$ 21,775,000</u>	<u>\$ 13,902,475</u>	<u>\$ 35,677,475</u>

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

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

Notes to Financial Statements
December 31, 2019 and 2018

Note 5 - Commitments

The Corporation entered into a 20-year lease commencing June 2011 with the New York Boulders (formerly the Rockland Boulders), a professional baseball team which is a member of the Frontier League (formerly 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 sales 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 (11th) 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.

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

Notes to Financial Statements
December 31, 2019 and 2018

Note 6 - Other Matters - Continued

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.

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.

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

Notes to Financial Statements
December 31, 2019 and 2018

Note 6 - Other Matters - Continued

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.

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. 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.

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.

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

Notes to Financial Statements
December 31, 2019 and 2018

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

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.

GASB Statement No. 92, *Omnibus 2020*. This statement addressed a variety of topics including leases, intra-entity transfers, fiduciary activities, public entity risks pools/reinsurance recoveries, fair value measurements, and derivative instrument terminology. Guidance related to leases, reinsurance recoveries and derivative instrument terminology was effective upon the standards issuance in January 2020. The remaining components of this standard are effective for periods beginning after June 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,			
	2019	2018	2017	2016
OPERATING REVENUES	\$ 500,889	\$ 483,407	\$ 553,077	\$ 735,471
OPERATING EXPENSES				
General and administrative	141,549	87,768	104,348	24,964
Salaries and employee benefits	108,250	153,120	366,730	423,428
Concerts and events	-	-	-	398,577
Professional fees	70,640	121,489	89,232	111,167
Utilities	246,515	282,945	292,953	374,780
Repairs and maintenance	120,305	248,399	235,883	383,953
Real estate taxes	35,231	37,756	165,968	120,501
	<u>722,490</u>	<u>931,477</u>	<u>1,255,114</u>	<u>1,837,370</u>
Operating loss, before depreciation expense	(221,601)	(448,070)	(702,037)	(1,101,899)
Depreciation expense	1,199,303	1,193,023	1,186,808	1,186,808
Total operating loss	<u>\$ (1,420,904)</u>	<u>\$ (1,641,093)</u>	<u>\$ (1,888,845)</u>	<u>\$ (2,288,707)</u>



**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), a component unit of the Town of Ramapo, 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 11, 2020.

Internal Control Over Financial Reporting

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

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

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

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.

Albany, New York
March 11, 2020

BST & CO. CPAs, LLP

