

FINANCIAL REPORT
Audited
TOWN OF WAWAYANDA LOCAL DEVELOPMENT CORPORATION
(A Component Unit of Town of Wawayanda, New York)
December 31, 2016

Audited for:

Board of Directors
Town of Wawayanda Local Development Corporation

Audited by:

RBT CPAs, LLP
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TOWN OF WAWAYANDA LOCAL DEVELOPMENT CORPORATION

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Town of Wawayanda Local Development Corporation
80 Ridgebury Hill Road
Slate Hill, New York 10973

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Town of Wawayanda Local Development Corporation ("Corporation"), a component unit of the Town of Wawayanda, New York, as of and for the years ended December 31, 2016 and 2015, 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 basic financial statements are free of material misstatement.

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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 business-type activities of the Town of Wawayanda Local Development Corporation, a component unit of the Town of Wawayanda, New York, as of December 31, 2016 and 2015, and the respective changes in financial position, and cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 4-5, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2017, on our consideration of the Town of Wawayanda Local Development 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 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 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 Town of Wawayanda Local Development Corporation's internal control over financial reporting and compliance.

RBT CPAs, LLP

Newburgh, New York
October 13, 2017

**TOWN OF WAWAYANDA LOCAL DEVELOPMENT CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT’S DISCUSSION AND ANALYSIS – UNAUDITED
DECEMBER 31, 2016 AND 2015**

The following “Management’s Discussion and Analysis” report (MD&A) provides the reader with an introduction and overview to the financial activities and performance of the Town of Wawayanda Local Development Corporation (“Corporation”) for the years ended December 31, 2016 and 2015, as mandated by GASB 34. This information should be reviewed in conjunction with the Corporation’s audited financial statements.

FINANCIAL OPERATIONS HIGHLIGHTS

There was a decrease in net position of \$8,894 in 2016, and an increase in net position of \$900,052 in 2015.

Administrative and Professional fees increased \$9,060 in 2016. This was primarily the result of an increase in new projects for which administrative or Professional fees were required to be charged.

SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	<u>2016</u>	<u>2015</u>	<u>Change</u>
Operating Revenues:			
Host Community Payments	\$ -	\$ 900,000	\$ (900,000)
Total Operating Revenues	<u>-</u>	<u>900,000</u>	<u>(900,000)</u>
Operating Expenses:			
Attorney	\$ 1,260	\$ -	\$ 1,260
Accounting	7,600	-	7,600
Administrative Expenses	600	400	200
Total Operating Expenses	<u>9,460</u>	<u>400</u>	<u>9,060</u>
Operating Profit/(Loss)	<u>(9,460)</u>	<u>899,600</u>	<u>(909,060)</u>
Non-Operating Revenues:			
Interest Income	566	452	114
Net Non-Operating Revenues	<u>566</u>	<u>452</u>	<u>114</u>
Change in Net Position	<u>(\$8,894)</u>	<u>900,052</u>	<u>(\$908,946)</u>

**TOWN OF WAWAYANDA LOCAL DEVELOPMENT CORPORATION
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONTINUED)
DECEMBER 31, 2016 AND 2015**

FINANCIAL POSITION SUMMARY

Net position may serve as an indicator of the Corporation's financial position. The Corporation's net position was \$890,096 and \$898,990 at December 31, 2016 and 2015, respectively. The decrease in net position of \$8,894 reflects the Corporation's "loss" for 2016.

For details of the Corporation's finances, see the accompanying financial statements and notes thereof.

SUMMARY OF NET POSITION

	<u>2016</u>	<u>2015</u>	<u>Change</u>
Assets			
Current Assets	\$ 890,096	\$ 899,190	\$ (9,094)
Non-Current Assets	<u>7,342,700</u>	<u>7,342,700</u>	<u>-</u>
Total Assets	<u>\$ 8,232,796</u>	<u>\$ 8,241,890</u>	<u>\$ (9,094)</u>
Liabilities, Deferred Inflows of Resources and Net Position			
Current Liabilities	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ (200)</u>
Deferred Inflows of Resources	<u>7,342,700</u>	<u>7,342,700</u>	<u>-</u>
Net Position			
Unrestricted	<u>890,096</u>	<u>898,990</u>	<u>(8,894)</u>
Total Net Position	<u>890,096</u>	<u>898,990</u>	<u>(8,894)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 8,232,796</u>	<u>\$ 8,241,890</u>	<u>\$ (9,094)</u>

FINANCIAL STATEMENTS

The Corporation's financial statements are prepared in accordance with generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The Corporation is structured as a proprietary fund. It is a component unit of Town of Wawayanda, New York because the Town Legislature appoints the Corporation's five-member board.

TOWN OF WAWAYANDA LOCAL DEVELOPMENT CORPORATION

STATEMENTS OF NET POSITION

As of December 31	2016	2015
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 890,096	\$ 899,190
Non-Current Assets:		
Host Community Contract Receivable (Note 3)	7,342,700	7,342,700
Total Assets	8,232,796	8,241,890
TOTAL ASSETS	\$ 8,232,796	\$ 8,241,890
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$ -	\$ 200
Deferred Inflows of Resources:		
Deferred Revenue	7,342,700	7,342,700
Net Position:		
Unrestricted	890,096	898,990
Total Net Position	890,096	898,990
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 8,232,796	\$ 8,241,890

See Notes to Financial Statements

TOWN OF WAWAYANDA LOCAL DEVELOPMENT CORPORATION

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended December 31	2016	2015
Operating Revenues:		
Host Community Payments	\$ -	\$ 900,000
Total Operating Revenues	-	900,000
Operating Expenses:		
Attorney	1,260	-
Accounting	7,600	-
Administrative Expenses	600	400
Total Operating Expenses	9,460	400
Operating Profit/(Loss)	(9,460)	899,600
Non-Operating Revenues (Expenses):		
Interest Income	566	452
Net Non-Operating Revenues (Expenses)	566	452
Change in Net Position	(8,894)	900,052
Net Position - Beginning	898,990	(1,062)
Net Position - Ending	\$ 890,096	\$ 898,990

See Notes to Financial Statements

TOWN OF WAWAYANDA LOCAL DEVELOPMENT CORPORATION

STATEMENTS OF CASH FLOWS

For the Years Ended December 31	2016	2015
Cash Flows from Operating Activities		
Receipts from providing services	\$ -	\$ 900,000
Payments to professional services	(8,860)	-
Payments to board members	(800)	(1,262)
Net Cash Provided (Used) by Operating Activities	(9,660)	898,738
Cash Flows from Investing Activities		
Interest income	566	452
Net Cash Provided by Investing Activities	566	452
Net Increase (Decrease) in Cash and Cash Equivalents	(9,094)	899,190
Cash and Cash Equivalents - Beginning	899,190	-
Cash and Cash Equivalents - Ending	\$ 890,096	\$ 899,190

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

Operating Income	\$ (9,460)	\$ 899,600
Changes in Assets and Liabilities:		
Host Community Contract Receivable	-	7,342,700
Accounts Payable and Accrued Liabilities	(200)	(862)
Deferred Revenue	-	(7,342,700)
Net Cash Provided (Used) by Operating Activities	\$ (9,660)	\$ 898,738

See Notes to Financial Statements

TOWN OF WAWAYANDA LOCAL DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Organization and Summary of Significant Accounting Policies

Organization and Purpose

The Town of Wawayanda Local Development Corporation ("Corporation") was formed by the members of the Town Board of the Town of Wawayanda on May 16, 2012 pursuant to Section 1411 of the New York State Not-for-Profit Corporation Law. Under Section 4.02(b) of IRS Rev. Proc. 95-48, the organization is treated as an affiliate of a governmental unit and is subject to the provisions of the New York State Public Authorities Law.

The Certificate of Incorporation provides that the Corporation was created for the following purposes:

Promoting community and economic development and the creation of jobs in the non-profit and for-profit sectors for the citizens of the Town and by developing and providing programs for not-for-profit institutions, manufacturing and industrial business and other entities to access low interest tax-exempt and non-tax exempt financing for the eligible projects; and undertaking projects and activities within the Town for the purpose of relieving and reducing unemployment, bettering and maintaining job opportunities, carrying on scientific research for the purpose of aiding the Town by attracting new industry to the Town or by encouraging the development of, or retention of, an industry in the Town, and lessening the burdens of government and acting in the public interest.

The Reporting Entity

The Corporation is considered a component unit of the financial reporting entity known as Town of Wawayanda, New York. Inclusion in the financial reporting entity, Town of Wawayanda, New York, is determined based on financial accountability as defined by GASB Statement No. 14, as amended, "The Financial Reporting Entity". Component units are legally separate entities for which the Town of Wawayanda, New York, is financially accountable. The Town of Wawayanda legislature appoints all of the Corporation's Board Members. This level of control meets the criteria for financial accountability as defined by GASB Statement No. 14.

Basis of Accounting

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles (GAAP), as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under standards set by GASB, the Corporation is considered a proprietary fund. Proprietary fund financial statements are prepared on the accrual basis of accounting, which records the financial effects of transactions and other events when these transactions and events occur. Revenues are recognized when they are earned and expenses are recognized when they are incurred. The measurement focus is the flow of economic resources.

TOWN OF WAWAYANDA LOCAL DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

1. Organization and Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For the purpose of presenting the Statements of Cash Flows, the Corporation considers all demand deposits, time and savings accounts, and certificates of deposit with an original maturity of three months or less to be cash and cash equivalents.

Corporation monies are deposited in FDIC insured commercial banks or trust companies located within the State. The Corporation is authorized to use demand deposit, time and money market savings accounts, and certificates of deposit. Governmental Accounting Standards Board Statement No. 40 *Deposits and Investment Risk Disclosure*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, or collateralized by securities held by the Corporation or its agent in the Corporation's name. The Corporation's cash balances were fully collateralized and not subject to custodial credit risk.

Use of Estimates

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Subsequent Events

The date to which events occurring after December 31, 2016, the date of the most recent statement of net position, have been evaluated for possible adjustment to the financial statements or disclosure is October 13, 2017, which is the date on which the financial statements were available to be issued.

Revenue Recognition

The Corporation recognizes revenue from Host Community payments during the period the required payment relates to, as specified in the Host Community Agreement. The remaining contract payments are recorded as a receivable and deferred revenue. No allowance for doubtful accounts is considered necessary.

2. New Reporting Standards

GASB has issued Statements 75-87, none of which are expected to have any substantive effects on the Corporation's net position.

**TOWN OF WAWAYANDA LOCAL DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

3. Host Community Contract Receivable

The Corporation signed a Host Community contract during 2015. An initial payment of \$900,000 was received during 2015 which is the only payment to be made during the construction period. Construction is expected to be completed in 2018, at which time operation year Host Community payments are expected to commence. Per the provisions of the Host Community contract, the following payment schedule is subject to possible adjustments for any delay between construction completion and the beginning of operations.

At December 31, 2016 and 2015, the total amount receivable is due as follows:

2017	\$	-
2018		273,264
2019		281,462
2020		289,906
2021		298,603
2022-2026		1,632,882
2027-2031		1,892,958
2032-2036		2,194,456
2037		479,169
		<u>\$ 7,342,700</u>



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITORS' 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

To the Board of Directors
Town of Wawayanda Local Development Corporation
80 Ridgebury Hill Road
Slate Hill, New York 10973

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Town of Wawayanda Local Development Corporation ("Corporation"), a component unit of Town of Wawayanda, New York, as of and for the year ended December 31, 2016, 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 13, 2017.

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 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.

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Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RBT CPAs, LLP

Newburgh, New York
October 13, 2017