

TOWN OF RAMAPO LOCAL DEVELOPMENT CORPORATION

(A COMPONENT UNIT OF THE
TOWN OF RAMAPO, NEW YORK)

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2011

TOWN OF RAMAPO LOCAL DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE TOWN OF RAMAPO, NEW YORK)

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3
Statement of Net Assets	7
Statement of Activities	8
Statement of Cash Flows	9
Notes to Financial Statements	10-14

Independent Auditors' Report

To the Board of Directors of the
Town of Ramapo Local Development Corporation
(a component unit of the Town of Ramapo, New York)

We have audited the accompanying statement of net assets of the Town of Ramapo Local Development Corporation (the "Corporation") (a component unit of the Town of Ramapo, New York) as of December 31, 2011, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis 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.

O'Connor Davies, LLP

O'Connor Davies, LLP

Harrison, New York

March 29, 2012

TOWN OF RAMAPO LOCAL DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE TOWN OF RAMAPO, NEW YORK)

STATEMENT OF NET ASSETS
DECEMBER 31, 2011

ASSETS

Current Assets:

Cash and equivalents	\$ 1,324,319
Accounts receivable	559,101
Prepaid expenses	30,967
	<hr/>
Total Current Assets	1,914,387
	<hr/>

Non-Current Assets:

Deferred charges, net	532,125
	<hr/>
Capital assets:	
Land	8,338,047
Building	38,022,643
Less accumulated depreciation	(475,283)
	<hr/>
Total Capital Assets (net of accumulated depreciation)	45,885,407
	<hr/>
Real estate held for sale	16,352,695
	<hr/>
Total Non-Current Assets	62,770,227
	<hr/>
Total Assets	64,684,614
	<hr/>

LIABILITIES

Current Liabilities:

Accounts payable	674,817
Accrued interest payable	255,208
Due to primary government	3,080,000
Line of credit	2,000,000
	<hr/>
Total Current Liabilities	6,010,025
	<hr/>

Non-Current Liabilities:

Due within one year:	
Loans payable	8,846,375
Bonds payable	1,500,000
Due in more than one year:	
Loans payable	3,964,162
Bonds payable	22,993,293
	<hr/>
Total Non-Current Liabilities	37,303,830
	<hr/>
Total Liabilities	43,313,855
	<hr/>

NET ASSETS

Invested in capital assets, net of related debt	15,207,397
Unrestricted	6,163,362
	<hr/>
Total Net Assets	\$ 21,370,759
	<hr/>

The notes to the financial statements are an integral part of this statement.

TOWN OF RAMAPO LOCAL DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE TOWN OF RAMAPO, NEW YORK)

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011

Operating Revenues:	
Sale of real estate	\$ 2,048,016
Concessions	421,601
Naming rights	137,500
Rental income	209,811
	<hr/>
Total Operating Revenues	2,816,928
	<hr/>
Operating Expenses:	
General and administrative	7,862
Legal	315,000
Rent	15,699
Salaries	88,493
Employee benefits	30,498
Advertising and promotion	1,420
Utilities	167,878
Insurance	248,950
Other	5,276
Depreciation and amortization	523,658
	<hr/>
Total Operating Expenses	1,404,734
	<hr/>
Operating income	1,412,194
	<hr/>
Non-Operating Revenues (Expenses):	
Interest expense	(658,397)
Interest income	137
	<hr/>
Total Non-Operating Expenses	(658,260)
	<hr/>
Change in Net Assets	753,934
	<hr/>
Net Assets - Beginning of Year	20,616,825
	<hr/>
Net Assets - End of Year	\$ 21,370,759
	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

TOWN OF RAMAPO LOCAL DEVELOPMENT CORPORATION
(A COMPONENT UNIT OF THE TOWN OF RAMAPO, NEW YORK)

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2011

Cash Flows From Operating Activities:	
Cash receipts from stadium operations	\$ 209,811
Cash receipts from real estate sales	6,402,828
Cash paid for real estate held for sale	(2,769,601)
Cash paid to employees	(118,991)
Cash paid for general and administrative costs	<u>(755,409)</u>
Net Cash Provided by Operating Activities	<u>2,968,638</u>
Cash Flows From Investing Activities -	
Interest income	<u>137</u>
Cash Flows From Capital and Related Financing Activities:	
Acquisition of capital assets	(30,585,817)
Proceeds from revenue bonds	24,447,250
Payment of bond closing costs	(580,500)
Interest paid on debt	(357,146)
Payment on loan from primary government	(500,000)
Proceeds from line of credit	2,000,000
Proceeds from loans	11,095,171
Payments on loans	<u>(9,020,366)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(3,501,408)</u>
Net Change in Cash and Equivalents	(532,633)
Cash and Equivalents - Beginning of Year	<u>1,856,952</u>
Cash and Equivalents - End of Year	<u>\$ 1,324,319</u>
Reconciliation of Income From Operations to Net Cash Provided by Operating Activities:	
Income from operations	\$ 1,412,194
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Real estate held for sale	4,354,812
Cash paid for real estate sales	(2,289,513)
Depreciation and amortization	523,658
Changes in operating assets and liabilities:	
Accounts receivable	(559,101)
Prepaid expenses	6,676
Accounts payable	<u>(480,088)</u>
Net Cash Provided by Operating Activities	<u>\$ 2,968,638</u>
Non-cash Financing Activities -	
Amortization of issuance discount	\$ 46,063

The notes to the financial statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Note 1 - Organization and Purpose

The Ramapo Local Development Corporation ("Corporation") was formed in 2008 by the New York State Legislature under the provisions of Section 1411 of the Not-for-Profit Corporation Law for the purpose of fostering the creation, retention and expansion of jobs and economic opportunities in the Town of Ramapo, New York ("Town"). Additionally, the Corporation will construct, acquire, rehabilitate and improve for use by others, facilities in the Town. The Corporation is exempt from Federal, State and local income taxes. The Corporation, although established by the State, is a separate entity and operates independently of the Town. The governing board consists of four members appointed by the Town's Board. Presently, the Town guarantees and is liable for Corporation debt.

Note 2 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Corporation has been identified as a component unit of the Town. In accordance with the criteria enumerated in Governmental Accounting Standards Board ("GASB") Statement No. 14, the Corporation's financial statements have been discretely presented in the Town's financial statements. These criteria include assessment of legal standing, fiscal dependency and financial accountability.

Basis of Accounting

The accounting policies of the Corporation conform to generally accepted accounting principles as applicable to governmental units. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Corporation reports its operations on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Cash and Equivalents

Cash and equivalents consist of funds deposited in demand deposit accounts.

Deferred Charges

Deferred charges represent the unamortized portion of the costs of issuance of bonds. These costs are being amortized over the term of the respective bond issue.

Capital Assets

Capital assets, includes land and buildings. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land is not depreciated. Buildings of the Corporation are depreciated using the straight line method over 40 years.

NOTES TO FINANCIAL STATEMENTS (Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Employee Benefits

The Corporation does not currently provide retirement or health benefits to its employees.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use. Net assets on the statement of net assets include the amount invested in capital assets net of related debt and unrestricted.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is, March 29, 2012.

Note 3 - Detailed Notes on Assets, Liabilities and Net Assets

Capital Assets

Class	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Capital Assets, not being depreciated:				
Land	\$ 8,338,047	\$ -	\$ -	\$ 8,338,047
Construction-in-progress	7,436,826	-	(7,436,826)	-
Total Capital Assets, not being depreciated	<u>\$ 15,774,873</u>	<u>\$ -</u>	<u>\$ (7,436,826)</u>	<u>\$ 8,338,047</u>
Capital Assets, being depreciated -				
Buildings and improvements	\$ -	\$ 38,022,643	\$ -	\$ 38,022,643
Less accumulated depreciation for -				
Buildings and improvements	-	475,283	-	475,283
Total Capital Assets, being depreciated	<u>\$ -</u>	<u>\$ 37,547,360</u>	<u>\$ -</u>	<u>\$ 37,547,360</u>
Capital assets, net	<u>\$ 15,774,873</u>	<u>\$ 37,547,360</u>	<u>\$ (7,436,826)</u>	<u>\$ 45,885,407</u>

TOWN OF RAMAPO LOCAL DEVELOPMENT CORPORATION
 (A COMPONENT UNIT OF THE TOWN OF RAMAPO, NEW YORK)

NOTES TO FINANCIAL STATEMENTS (Continued)

Note 3 - Detailed Notes on Assets, Liabilities and Net Assets (Continued)

Real Estate Held for Sale

Real estate held for sale consists of land, land improvements, buildings and building improvements that were constructed and/or acquired and donated to the Corporation.

Balance January 1, 2011	Additions	Sales	Balance December 31, 2011
\$ 18,417,994	\$ 2,289,513	\$ (4,354,812)	\$ 16,352,695

Line of Credit - Bank

The Corporation has a \$2,000,000 line of credit expiring October 1, 2013. Interest is due monthly at the prime rate. At December 31, 2011 \$2,000,000 was due against this line. The Town has guaranteed the line of credit.

Due to Primary Government

Due to primary government of \$3,080,000 at December 31, 2011, consists of amounts due with no interest or payment dates.

Loans

The Corporation has five separate loans outstanding from Provident Bank for the purchase of land and construction of buildings, thereon. The details of the loans are as follows:

Original Amount	Maturity Date	Interest Rate	Balance December 31, 2011
\$ 464,162	02/01/14	Prime + 1 %	\$ 464,162
1,826,900	03/09/12	Prime + 1	260,806
2,773,100	03/09/12	Prime + 1	993,656
8,800,000	03/09/12	Prime + 1	5,843,822
400,000	09/01/12	Prime + 1	291,912
1,528,400	09/01/12	Prime + 1	1,456,179
5,000,000	01/01/14	Prime + 1	3,500,000
Total			<u>\$ 12,810,537</u>

The above loans are all guaranteed by the Town and are secured by the land.

Deferred Charges

Bond Issuance Costs	\$ 580,500
Less - Accumulated amortization	<u>(48,375)</u>
	<u>\$ 532,125</u>

Amortization expense for the year ended December 31, 2011 was \$48,375.

TOWN OF RAMAPO LOCAL DEVELOPMENT CORPORATION
 (A COMPONENT UNIT OF THE TOWN OF RAMAPO, NEW YORK)

NOTES TO FINANCIAL STATEMENTS (Continued)

Note 3 - Detailed Notes on Assets, Liabilities and Net Assets (Continued)

Revenue Bonds Payable

On April 1, 2011, the Corporation issued Local Development Corporation Revenue Bonds for \$24,447,250 net of original issue discount of \$552,750. Bonds payable at December 31, 2011 are comprised of the following:

<u>Purpose</u>	<u>Year of Issue</u>	<u>Original Issue Amount</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding at December 31, 2011</u>	<u>Amount Due in One Year</u>
Baseball Stadium Project	2011	\$ 25,000,000	March, 2016	3.50%	<u>\$ 24,493,293</u>	<u>\$ 1,500,000</u>

The annual requirements to amortize the bonded debt outstanding at December 31, 2011, including interest of \$2,533,650 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,500,000	\$ 848,750	\$ 2,348,750
2013	5,500,000	726,250	6,226,250
2014	5,800,000	528,500	6,328,500
2015	6,010,000	321,825	6,331,825
2016	6,190,000	108,325	6,298,325
	25,000,000	<u>\$ 2,533,650</u>	<u>\$ 27,533,650</u>
Less - Unamortized original issue discount	<u>(506,707)</u>		
	<u>\$ 24,493,293</u>		

The Town has guaranteed payment of bond principal and interest. On or after March 15, 2012, the Issuer shall have the right to redeem the Bonds prior to their stated maturity, in whole or in part, at the face value thereof on any interest date.

Note 4 - Significant Commitments and Contingencies

The Corporation, during 2011, entered into an agreement with a company to manage and operate a professional baseball team, along with its daily operations. The Corporation has constructed the ballpark to stage the team's home games. This agreement will extend for twenty years from the opening day at the ballpark. The Company shall pay annual rent to the Corporation in the amount of \$175,000. In addition, the Company shall pay the Corporation the following amounts, on an annual basis, to the extent earned and on a net basis after deduction for reasonable expenses:

- \$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 company's expenses).
- \$2 for every fixed seat ticket sold per professional baseball game above the first 150,000 tickets sold.

NOTES TO FINANCIAL STATEMENTS (Continued)

Note 4 - Significant Commitments and Contingencies (Continued)

- \$2 for each car paid and parked for a professional baseball game, as long as the Corporation provides at a minimum 1200 parking spaces for each event.
- 20% of the company's share of proceeds from sales of merchandise sold at the ballpark on the days professional baseball games are played.
- 10% of the company's share of proceeds from sales of all food and beverages items sold
- 50% of net revenue from all broadcast advertising.
- 50% of any ballpark naming rights
- 50% of revenue from the licensing of or other grant of use rights to the ballpark suites.

The Corporation is responsible for all utilities and insurance costs associated with the ballpark.

Within sixty days prior to the eleventh anniversary date of the opening date, the parties to this agreement will meet in good faith to discuss equitable adjustments to the rental amounts paid per the original agreement.

Note 5 - Subsequent Events

The Corporation was authorized on January 24, 2012, for a construction loan in the amount of \$8,400,000 for Phase II of the construction of the Ramapo Commons. The loan matures on February 1, 2014 and has an interest rate of prime rate plus 1.0%. The loan is secured by the property and guaranteed by the Town.

RAMAPO LOCAL DEVELOPMENT CORPORATION
Management's Discussion and Analysis (MD&A)
Year Ended December 31, 2011

The following Management's Discussion and Analysis (MD&A) of the Ramapo Local Development (RLDC) (the Agency) activities and financial performance is provided as an introduction and overview of the financial statements of RLDC for the fiscal year ended December 31, 2011. Following this MD&A are the annual financial statements of RLDC together with the notes. This MD&A should be read in conjunction with the financial statements, to enhance understanding of the RLDC's performance. This MD&A highlights certain supplementary information to assist with the understanding of the RLDC's financial operations.

OPERATIONS

The Ramapo Local Development 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.

The RLDC's mission and objectives include lessening the burdens of government by undertaking and promoting urban redevelopment initiatives in the Town of Ramapo 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 Ramapo Local Development Corporation was created to assist the Town of Ramapo in the development of affordable housing; to foster the creation, retention and expansion of jobs and economic opportunities for the benefit of the local economy; and to promote smart growth and green development within the Town.

FINANCIAL OPERATIONS HIGHLIGHTS

A condensed summary of comparative revenues, expenses, and changes in net assets are summarized below. Refer to the RLDC's basic financial statements for the complete Statement of Activities.

Operating Revenues	\$ 2,816,928
Non-Operating Revenues	<u>137</u>
Total Revenues	<u>2,817,065</u>
Operating Expense	1,404,734
Non-Operating Expense, Net	<u>658,397</u>
Total Expenses	<u>2,063,131</u>
Change in Net Assets	<u><u>\$ 753,934</u></u>

As of December 31, 2011, total assets reported by the RLDC were \$64,684,614 and total liabilities were \$43,313,855. Net assets, which represent the equity of the RLDC, were by \$21,370,759.

Overview of the Financial Statements

The financial statements of the RLDC have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). The objective of these standards is to enhance the understandability and usefulness of the external financial reports issued by Public Authorities.

The financial statement presentation consists of a *Statement of Net Assets*, a *Statement of Activities*, a *Statement of Cash Flows* and accompanying *Notes to Financial Statements*. These statements provide information on the financial position of the RLDC and the financial activity and results of its operations during the year. A description of these statements follows:

The *Statement of Net Assets* presents information on all of the RLDC's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the RLDC is improving or deteriorating.

The *Statement of Activities* presents information showing the change in the RLDC's net assets during the most recent fiscal year. All changes in net assets 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 this statement include items that will result in cash received or disbursed in future fiscal periods (e.g., the receipt of amounts due from other governments or the payment accrued for compensated absences).

The *Statement of Cash Flows* provides information on the major sources and uses of cash during the year. The cash flow statement portrays net cash provided or used from operating, investing, capital and non-capital financing activities.

Statement of Net Assets

The statement of net assets presents the financial position of the RLDC at the end of its fiscal year. A more detailed Statement of Net Assets appears in the RLDC's basic financial statements.

Current Assets	\$ 1,914,387
Capital Assets, Net	45,885,407
Real estate held for resale	16,352,695
Non-Current Assets	<u>532,125</u>
Total Assets	<u>64,684,614</u>
Current Liabilities	6,010,025
Non-Current Liabilities	<u>37,303,830</u>
Total Liabilities	<u>43,313,855</u>
Net Assets	<u>\$ 21,370,759</u>

Current Assets

Current assets as of December 31, 2011 are primarily composed of cash and cash equivalents totaling \$1.91 million. The remaining \$62.77 million in assets consists of real estate held for sale and capital assets.

Current Liabilities

Currently liabilities consist mainly of accounts payable, accrued interest payable, a line of credit and due to primary government, totaling \$6.0 million.

Non-Current Liabilities

There are primarily two components of non-current liabilities. There are loans payable due within one year totaling \$8.85 million and loans payable due in more than one year totaling \$3.96 million. There are also bonds payable outstanding in the amount of \$24,493,293, with \$1.5 million of this balance due within one year.

NEW OPERATIONS

The Ramapo Local Development Corporation continues to work in tandem with Town of Ramapo in an ongoing effort to spur economic development, expand job creation, and develop affordable housing.

The RLDC is spearheading an innovative initiative to construct a new affordable workforce housing development on an 8-acre site on Elm Street in the Village of Spring Valley. There is a dire need to construct quality residential units in the Town of Ramapo that will enable families with limited income to achieve the dream of home ownership. The project, which is known as Ramapo Commons, is going to benefit families who otherwise might not be able to afford to purchase a home in Ramapo.

Presently, Phase I which consists of four buildings (a total of 48 condominium units) has been constructed as part of the 3-phase plan. When the project is completed, there will be a total of 132 affordable housing units in 11 buildings.

In an effort to promote smart growth and green development, and to maintain a significant amount of open space throughout the Town of Ramapo, approximately 40% of the Ramapo Commons site will remain undeveloped green space. The site will include state-of-the-art recreational areas for children and will have extensive landscaping.

In addition, the RLDC built Provident Bank Park, a new recreational facility in the Town of Ramapo that is a boom to the local economy. The new state-of-the-art stadium provides a wonderful opportunity for affordable and fun entertainment for families and houses, the Rockland Boulders, which is an independent team in the Can-Am league. Provident Bank Park is utilized for professional, college, and high-school baseball games, concerts, charity events, coaching clinics, and other special events.

Bottom 9 Baseball, LLC, the ownership group associated with the Rockland Boulders, has a proven track record of success, and is fully committed to making this a successful venture that will not only rival other independent teams throughout the greater tri-state area, but surpass them on every front.

Over the course of the next twenty years, it is anticipated that the ownership group will end up investing more than \$80 million into the local economy. That is a virtually unprecedented infusion of local dollars that will stream into the Town of Ramapo and Rockland County.

The RLDC works diligently with Bottom 9 Baseball, LLC to ensure that the Ramapo Local Development Corp. and the Town of Ramapo will receive more than its fair share, including revenue from the naming rights to the stadium, revenue from concessions, revenue from ticket sales, revenue from parking fees, revenue from base rent, and revenue from merchandise sales. The Town of Ramapo will get a great economic boost from this new ballpark.

CONTACTING THE RLDC'S FINANCIAL MANAGEMENT

This report is intended to provide a broad overview of the RLDC's finances to its citizens and other stakeholders. If you desire additional information or have suggestions for improving this report, please contact:

Aaron Troodler
Executive Director
Ramapo Local Development Corporation
2 Provident Bank Park Drive
Pomona, New York 10970