

VILLAGE OF PORT CHESTER
INDUSTRIAL DEVELOPMENT AGENCY

*(A Component Unit of the
Village of Port Chester, New York)
Basic Financial Statements, Required Supplementary
Information, Supplementary Information and
Other Information for the Years Ended May 31, 2020
and 2019 and Independent Auditors' Reports*

VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Village of Port Chester, New York)
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Years Ended May 31, 2020 and 2019

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VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY
(A COMPONENT UNIT OF THE VILLAGE OF PORT CHESTER, NEW YORK)
Members
May 31, 2020

<u>Name</u>	<u>Position</u>	<u>Term Began</u>
Frank Ferrara	Chairman	December 2012
Richard D. Cuddy	Vice Chairman	August 2010
Daniel Brakewood	Financial Officer/Treasurer	April 2015
John Hiensch	Secretary	February 1998
Michael Brescio	Member	October 2015
Richard O'Connell	Member	June 2017
James T. Taylor, II	Member	October 2007

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Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Members of Village of Port Chester
Industrial Development Agency:

Report on the Financial Statements

We have audited the accompanying financial statements of the Village of Port Chester Industrial Development Agency (the "Agency"), a component unit of the Village of Port Chester, New York, as of and for the years ended May 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Agency's 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.

Auditors' 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 audits 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of May 31, 2020 and 2019, and the respective changes in its financial position and its 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, as listed in the table of contents, 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 audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The Schedule of Agency Investments, Schedule of Issuances and Outstanding Balances, Schedule of Payments in Lieu of Taxes, and Real Property Listing are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Schedule of Issuances and Outstanding Balances, Schedule of Payments in Lieu of Taxes, and Real Property Listing have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2020 on our consideration of the Agency'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 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 Agency's internal control over financial reporting and compliance.

Drescher & Malecki LLP

July 29, 2020

VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Village of Port Chester, New York)
Management's Discussion and Analysis
Years Ended May 31, 2020 and 2019

As management of the Village of Port Chester Industrial Development Agency (the "Agency"), we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the years ended May 31, 2020 and 2019. This document should be read in conjunction with additional information we have furnished in the Agency's financial statements which follow this narrative.

Financial Highlights

- The assets of the Agency exceed its liabilities at May 31, 2020 and 2019 by \$175,441 and \$239,816, respectively. These amounts are considered *unrestricted net position* and may be used to fund the Agency's ongoing operations.
- The Agency's total net position decreased by \$64,375 and \$38,529 for the fiscal years ended May 31, 2020 and 2019, respectively.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements comprise of two components: the Agency's financial statements and notes to those financial statements. This report also contains other information in addition to the basic financial statements themselves.

Basic financial statements—The financial statements are prepared using the accrual basis of accounting. The financial statements include:

The *statements of net position* present information on all of the Agency's assets, liabilities, and deferred outflows/inflows of resources, with the differences reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The *statements of activities* present information showing how the Agency's net position changed during the most recent fiscal 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.

The *statements of cash flows* present the cash provided and used during the fiscal years ended May 31, 2020 and 2019 and how it affects the cash balances at May 31, 2020 and 2019.

The financial statements can be found on pages 8-10 of this report.

Notes to the Financial Statements—The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 11-15 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents *supplementary information* concerning the Agency's investments. This schedule is presented on page 16 of this report. Finally, the Agency's schedule of issuances and outstanding balances,

schedule of payments in lieu of taxes and real property listing is in the Other Information section of this report on pages 17-19.

Financial Analysis

The Agency provides administrative assistance to companies within the Village of Port Chester, New York (the “Village”) and has limited operations. The Agency does not have any capital assets, long-term debt or full time employees. The Agency’s net position over time may serve as a useful indicator of financial position. In the case of the Agency, assets exceeded liabilities by \$175,441 and \$239,816 at May 31, 2020 and 2019, respectively.

The *statements of net position* and the *statements of activities* can assist in determining whether the Agency’s financial position has improved or deteriorated from the prior year. The *statements of cash flows* provide information about the cash receipts, cash payments, and net change in cash resulting from the operating and investing activities of the Agency during the year. These statements help users assess the Agency’s ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external financing. Condensed financial highlights of these statements are presented below.

Table 1, shown below, presents condensed statements of net position at May 31, 2020, 2019, and 2018.

Table 1—Condensed Statements of Net Position

	May 31,		
	2020	2019	2018
Assets:			
Current assets	\$ 209,016	\$ 273,888	\$ 306,334
Liabilities:			
Current liabilities	33,575	34,072	27,989
Net Position:			
Unrestricted	<u>\$ 175,441</u>	<u>\$ 239,816</u>	<u>\$ 278,345</u>

The Agency’s current assets are comprised of cash and cash equivalents, receivables and prepaid items. The total of these assets has decreased during the years ended May 31, 2020 and May 31, 2019 as a result of operating activities.

The Agency’s net position was primarily derived as a result of operating activities and there are no restrictions as to its use.

Agency activities—The Agency’s revenues and expenses resulted in decreases in net position of \$64,375 and \$38,529 for the years ended May 31, 2020 and May 31, 2019, respectively, and an increase of \$27,099 for the year ended May 31, 2018.

Table 2, shown on the following page, presents condensed statements of the changes in net position for the years ended May 31, 2020, 2019, and 2018.

Table 2—Condensed Statements of Changes in Net Position

	Year Ended May 31,		
	2020	2019	2018
Operating revenues	\$ 10,000	\$ 77,358	\$ 95,475
Operating expenses	<u>75,820</u>	<u>117,850</u>	<u>69,979</u>
Operating income (loss)	(65,820)	(40,492)	25,496
Nonoperating revenues	<u>1,445</u>	<u>1,963</u>	<u>1,603</u>
Change in net position	(64,375)	(38,529)	27,099
Net position—beginning	<u>239,816</u>	<u>278,345</u>	<u>251,246</u>
Net position—ending	<u>\$ 175,441</u>	<u>\$ 239,816</u>	<u>\$ 278,345</u>

Operating revenues are derived from the application and closing of transactions that assist businesses within the Village. This assistance can take the form of lease transactions, assistance with bond issuances or sales tax exemptions (which generally allow businesses to expand). During the year ended May 31, 2020, the Agency’s operating revenues consisted of \$10,000 collected for application fees; comparatively, the Agency’s operating revenues consisted of \$500 and \$76,858 collected for application and closing fees, respectively, during the year ended May 31, 2019.

Operating expenses consist of closing costs as well as the cost of administration and consultants, who assist in locating, communicating and matching business needs to Agency programs of assistance.

Significant changes in revenues and expenses for the year ended May 31, 2020 from the year ended May 31, 2019 include:

- During the year ended May 31, 2020, operating revenues decreased \$67,358 from the year ended May 31, 2019. The decrease can be attributed to the absence of closing fees on any properties or refinanced mortgages during the year ended May 31, 2020.
- Operating expenses decreased by \$42,030 from the year ended May 31, 2019. The decrease primarily reflects the reduction of non-recurring expenses from the prior year that the Agency incurred for a study of the potential impact of new development on public school enrollment, and the installation of new bicycle racks in the Village to enhance mobility and economic development.

Cash flows—An important factor in the consideration of the fiscal condition is the Agency’s cash position and annual cash flows.

Table 3, shown below, presents a condensed version of the Agency’s statements of cash flows for the years ended May 31, 2020, 2019, and 2018.

Table 3—Condensed Statements of Cash Flows

	Year Ended May 31,		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Cash flows provided by (used for):			
Operating activities	\$ (94,817)	\$ (34,409)	\$ 30,755
Investing activities	<u>1,445</u>	<u>1,963</u>	<u>1,603</u>
Net increase (decrease) in cash and cash equivalents	(93,372)	(32,446)	32,358
Cash and cash equivalents—beginning	<u>271,969</u>	<u>304,415</u>	<u>272,057</u>
Cash and cash equivalents—ending	<u>\$ 178,597</u>	<u>\$ 271,969</u>	<u>\$ 304,415</u>

The change in cash and cash equivalents in each year is primarily reflective of the results of operations for each of the years presented.

Capital Assets and Debt Administration

The Agency has not acquired any capital assets nor issued any debt instruments during the fiscal years ended May 31, 2020 and 2019.

Economic Factors

The Agency’s basic purpose is to assist business growth and expansion in the Village of Port Chester, New York. The Agency does not rely on any form of taxpayer or other public support. The business and economic climate in the Village have been relatively steady over the past two years.

Requests for Information

This financial report is designed to provide a general overview of the Agency’s finances for interested individuals. Questions concerning any information in this report or requests for additional information should be directed to the Village of Port Chester Industrial Development Agency, Treasurer, 222 Grace Church Street, Port Chester, New York 10573.

BASIC FINANCIAL STATEMENTS

VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Village of Port Chester, New York)
Statements of Net Position
May 31, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 178,597	\$ 249,618
Restricted cash	-	22,351
Receivables	28,500	-
Prepaid items	1,919	1,919
Total assets	209,016	273,888
LIABILITIES		
Current liabilities:		
Accounts payable	5,075	4,465
Due to other governments	28,500	7,256
Other liabilities	-	22,351
Total liabilities	33,575	34,072
NET POSITION		
Unrestricted	\$ 175,441	\$ 239,816

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

VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Village of Port Chester, New York)
Statements of Activities
Years Ended May 31, 2020 and 2019

	2020	2019
Operating revenues:		
Administrative, application and other fees	\$ 10,000	\$ 500
Closing fees	-	76,858
Total operating revenues	10,000	77,358
Operating expenses:		
Administrative services	28,650	26,800
Professional services	34,567	79,095
Insurance	4,605	4,605
Secretarial	4,800	4,200
Rent	3,000	3,000
Postage and supplies	198	150
Total operating expenses	75,820	117,850
Operating (loss)	(65,820)	(40,492)
Nonoperating revenues:		
Interest earnings	1,445	1,963
Change in net position	(64,375)	(38,529)
Net position—beginning	239,816	278,345
Net position—ending	\$ 175,441	\$ 239,816

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

VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Village of Port Chester, New York)
Statements of Cash Flows
Years Ended May 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received for services provided	\$ 10,000	\$ 77,358
Payments made for operating costs	<u>(104,817)</u>	<u>(111,767)</u>
Net cash (used for) operating activities	<u>(94,817)</u>	<u>(34,409)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned	<u>1,445</u>	<u>1,963</u>
Net cash provided by investing activities	<u>1,445</u>	<u>1,963</u>
Net (decrease) in cash and cash equivalents	(93,372)	(32,446)
Cash and cash equivalents—beginning	<u>271,969</u>	<u>304,415</u>
Cash and cash equivalents—ending	<u>\$ 178,597</u>	<u>\$ 271,969</u>
Reconciliation of operating (loss) to net cash provided by (used for) operating activities:		
Operating (loss)	<u>\$ (65,820)</u>	<u>\$ (40,492)</u>
Adjustments to reconcile operating (loss) to net cash (used for) operating activities:		
(Increase) in receivables	(28,500)	-
Increase (decrease) in accounts payable	610	(1,173)
Increase in due to other governments	21,244	7,256
(Decrease) increase in other liabilities	(22,351)	22,351
(Decrease) in unearned revenue	<u>-</u>	<u>(22,351)</u>
Total adjustments	<u>(28,997)</u>	<u>6,083</u>
Net cash provided by (used for) operating activities	<u>\$ (94,817)</u>	<u>\$ (34,409)</u>

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

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VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Village of Port Chester, New York)
Notes to the Financial Statements
Years Ended May 31, 2020 and 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Port Chester Industrial Development Agency (the “Agency”), a component unit of the Village of Port Chester, New York, was created by the New York State Legislature under the provisions of Chapter 632 of the Laws of New York State. The Agency was established for the purpose of encouraging economic growth in the Village of Port Chester, New York (the “Village”). Members of the governing board of the Agency are appointed by the Village Board. The Agency is a separate entity and operates independently of the Village.

Financial Reporting Entity

The Agency has been identified as a component unit of the Village. In accordance with the Governmental Accounting Standards Board (“GASB”), the Agency’s financial statements have been discretely presented in the Village’s financial statements.

Basis of Presentation

The financial statements of the Agency have been prepared in conformity with accounting principles generally accepted in the United States of America.

Basis of Accounting

The accounts of the Agency are maintained on the accrual basis of accounting. As such, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

Cash, Cash Equivalents and Investments—Cash and cash equivalents consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments which are readily convertible to known amounts of cash and have a maturity date within 90 days or less from the date of acquisition. The Agency had no investments at May 31, 2020 or 2019; however, when the Agency does have investments they are recorded at fair value in accordance with GASB.

Restricted Cash—Restricted cash represents amounts remaining in an escrow account funded by an applicant for Agency assistance. The funds can only be used to pay fees for legal and other professional services provided to the Agency in connection with its evaluation of the proposed project. At May 31, 2020 and 2019, the Agency reports \$0 and \$22,351, respectively, within this category to offset amounts reported in other liabilities.

Receivables—Amounts owed to the Agency at May 31, 2020 represent payments in lieu of taxes.

Prepaid Items—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Due to Other Governments—Amounts due to other governments at May 31, 2020 represent payments in lieu of taxes to be remitted to the County of Westchester and the Town of Rye for \$27,301 and \$1,199, respectively.

Other Liabilities—Other liabilities represents amounts remaining in an escrow account funded by an applicant for Agency assistance. The application was withdrawn during the year ended May 31, 2019, and the balance in the escrow account is classified as a liability until returned to the applicant. These amounts, \$22,351, were returned to the applicant during the year ended May 31, 2020.

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At May 31, 2020 and 2019, the Agency does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a futures period and so will not be recognized as an inflow of resources (revenue) until that time. At May 31, 2020 and 2019, the Agency does not have any items that qualify for reporting in this category.

Net Position Flow Assumption—Sometimes the Agency will fund outlays for a particular purpose from both restricted (e.g., restricted loan or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Agency's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Revenues and Expenses

Industrial Development Revenue Bond and Note Transactions—Certain industrial development agency revenue bonds and notes issued are secured by property which is leased to companies and the bonds are retired by lease payments. The bonds and notes are not obligations of the Agency, the Village or the State of New York. The Agency does not record the assets or liabilities resulting from completed bond and note issues in its accounts, since its primary function is to arrange the financing between the borrowing companies and the bond and note holders. Funds arising there from are controlled by trustees or banks acting as fiscal agents. For providing this service, the Agency receives bond administration fees from the borrowing companies. The fee received by the Agency ranges from a quarter of a percent up to two percent of the borrowing. Such administrative fee income is recognized immediately upon issuance of bonds and notes.

Closing Fees—During the years ended May 31, 2020 and 2019, the Agency received \$0 and \$76,858, respectively, which are recorded within closing fees revenue.

Tax Status—The Agency is exempt from Federal income taxes and New York State franchise taxes.

Other

Estimates—The preparation of 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 reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and

disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended May 31, 2020, the Agency implemented GASB Statements No. 83, *Certain Asset Retirement Obligations*; No. 84, *Fiduciary Activities*; No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*; No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61* and No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (“AROs”). GASB Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. GASB Statement No. 88 helps improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. GASB Statement No. 90 helps improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing effective dates of certain provisions in Statements. The implementation of GASB Statements No. 83, 84, 88, 90 and 95 did not have a material impact on the Agency’s financial position or results from operations.

Future Impacts of Accounting Pronouncements—The Agency has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 87, *Leases*; and No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the year ending May 31, 2021, No. 91, *Conduit Debt Obligations*; No. 92, *Omnibus 2020*; No. 93, *Replacement of Interbank Offered Rates*, and No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, effective for the year ending May 31, 2022, No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending May 31, 2023. The Agency is, therefore, unable to disclose the impact that adopting GASB Statements No. 87, 89, 91, 92, 93, 94, 96 and 97 will have on its financial position and results of operations when such statements are adopted.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The Agency’s investment policies are governed by New York State statutes. There were no investments at May 31, 2020 or 2019. All deposits are carried at fair value. Collateral is required for all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Deposits—All deposits are carried at fair value, and are classified by custodial risk at May 31, 2020 and 2019 as shown below:

	May 31, 2020		May 31, 2019	
	Bank Balance	Carrying Amount	Bank Balance	Carrying Amount
FDIC insured	\$ 178,597	\$ 178,597	\$ 271,969	\$ 271,969

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the Agency’s deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. At May 31, 2020 and 2019, the Agency’s deposits were fully FDIC insured.

3. REVENUE BONDS AND STRAIGHT-LEASE TRANSACTIONS

The Agency is an issuer of tax-exempt bond financing secured by property, which is leased to businesses. The bonds are the obligations of the borrower. The Agency’s primary function is to arrange the financing between the borrowing companies and the bond and note holders. The funds arising from these transactions are controlled by trustees or banks acting as fiscal agents, accordingly the Agency does not record the assets or liabilities resulting from the completed bond and note issued within its financial statements. The Agency (referred to as the “PCIDA” in the following table) receives administrative fees in exchange for the services provided. The fee schedule can be found below.

<u>Transaction</u>	<u>Application Fee</u>	<u>Fee</u>
Taxable and Tax Exempt Industrial Development Revenue Bonds	A non-refundable fee of \$2,500 and a \$500 processing fee are payable to the PCIDA at the time the application is submitted. The \$2,500 fee will be credited towards the total fee at closing.	First \$10 million - 1% of the principal amount of the bond series. Over \$10 million - 0.5% of the bond series. Annual (post-closing) administrative fee of \$1,500.
Tax Exempt Civic Facility Bonds	A non-refundable fee of \$2,500 and a \$500 processing fee are payable to the PCIDA at the time the application is submitted. The \$2,500 fee will be credited towards the total fee at closing.	First \$10 million - 1% of the bond series. Over \$10 million - 0.5% of the bond series. Annual administrative fee (post-closing) of \$1,500 (waivable).
Straight Lease Transactions (including PILOT Agreement)	A non-refundable fee of \$2,500 and a \$500 processing fee are payable to the PCIDA at the time the application is submitted. The \$2,500 fee will be credited towards the total fee at closing.	First \$10 million - 1%. Project Costs in excess of \$10 million - 0.5%. Annual administrative fee of \$500.
Sales Tax and/or Mortgage Recording Tax only Transactions (No PILOT Agreement)	A non-refundable fee of \$2,500 and a \$500 processing fee are payable to the PCIDA at the time the application is submitted. The \$2,500 fee will be credited towards the total fee at closing.	Minimum \$4,500 or 10% estimated exemption amount, whichever is greater. Annual administrative fee of \$500.

4. RELATED PARTY TRANSACTIONS

The Village is considered a related entity since two Board of Trustees members also serve as Members of the Agency, the Village Treasurer also serves as the Treasurer of the Agency, and the Village Manager also serves as the Administrative Director of the Agency. The Village provides the Agency with administrative services. The cost of these services has been included as expenses on the Agency's statement of activities. During the years ended May 31, 2020 and 2019, the Agency independently contracted with the Village Treasurer to perform administrative services at an annual cost of \$9,000 and \$7,800, respectively. During the years ended May 31, 2020 and 2019, the Agency independently contracted with the Village Junior Accountant to perform administrative services at an annual cost of \$1,000. During the years ended May 31, 2020 and 2019, the Agency independently contracted with the Village Manager to perform administrative services at a cost of \$18,000. During the years ended May 31, 2020 and 2019, the Agency independently contracted with the Secretary for the Village Planning Commission and Zoning Board of Appeals to provide secretarial services at an annual cost of \$4,800 and \$4,200, respectively. The Agency also pays the Village its annual rent of \$3,000.

5. SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 29, 2020, which is the date the financial statements are available for issuance, and has determined, except as noted below, there are no subsequent events that require disclosure under generally accepted accounting principles.

Per Board resolution dated May 13, 2020, the Agency's Board approved the authorization to extend the license agreement with the Village of Port Chester for office space rental. The annual rent paid to the Village will increase from \$3,000 to \$6,000, beginning in the fiscal year ending May 31, 2021.

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SUPPLEMENTARY INFORMATION

Presented as supplementary information is certain information as required to be reported under New York State Public Authority Law.

VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Village of Port Chester, New York)
Schedule of Agency Investments
Year Ended May 31, 2020

Annual Investment Report—§2925(6) of Public Authorities Law of the State of New York requires that each public authority must annually prepare an investment report which shall include (a) investment guidelines, (b) amendments to such guidelines since the last investment report, (c) an explanation of the investment guidelines and amendments, (d) results of the annual independent audit, (e) the investment income record of the Agency, and (f) a list of the total fees, commissions or other charges paid to each investment banker, broker, dealer and adviser rendering investment associated services to the Agency since the last investment report.

- a. Investment guidelines—The Agency’s investment policies are governed by State statutes. In addition, the Agency has its own written investment policy which was adopted by the Members of the Agency.
- b. Amendments to guidelines—None.
- c. Explanation of guidelines and investments—These guidelines restrict investment of Agency funds to money market accounts and certificates of deposit. The Agency has not made any amendments to its investment policy.
- d. Results of the annual independent audit—The independent auditors have issued an unmodified opinion on the Agency’s financial statements for the year ended May 31, 2020.
- e. Investment income record—Investment income for the year ended May 31, 2020 consisted of:

	Interest Earned
Interest earned on cash and cash equivalents	\$ 1,445

- f. List of the total fees, commissions or other charges paid to each investment banker, broker, dealer and adviser rendering investment associated services to the Agency since the last investment report—No such fees or commissions were paid during the year ended May 31, 2020.

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OTHER INFORMATION

VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Village of Port Chester, New York)
Schedule of Issuances and Outstanding Balances
Year Ended May 31, 2020

Project/Address	Purpose	Federal Tax Status	Issue/ Maturity	Interest Rate	Original Issuance	Principal Outstanding 6/1/2019	Redeemed	Principal Outstanding 5/31/2019
Kingsport Apartments LP 245 King Street	Acquisition and improvement of building structure	Exempt	2011/2046	5.70%	\$ 13,500,000	\$ 12,343,189	\$ 191,943	\$ 12,151,246
Kingsport Apartments LP 245 King Street	Acquisition and improvement of building structure	Exempt	2011/2051	9.00%	<u>1,000,000</u>	<u>1,000,000</u>	-	<u>1,000,000</u>
Total					<u>\$ 14,500,000</u>	<u>\$ 13,343,189</u>	<u>\$ 191,943</u>	<u>\$ 13,151,246</u>

VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Village of Port Chester, New York)
Schedule of Payments in Lieu of Taxes
Year Ended May 31, 2020

Project	Project Address	Pilot Payments				Total
		School	Village	Town	County	
Kingsport Apartments LP Impact Fee	245 King St.	\$ -	\$ 20,500	\$ -	\$ -	\$ 20,500
Kingsport Apartments LP	245 King St.	32,216	15,769	192	4,323	52,500
Southport Mews Preservation LP	50 S. Main St.	72,933	18,233	10,940	-	102,106
Southport Mews Preservation LP, Sidewalk	50 S. Main St.	4,225	1,811	-	-	6,036
Port Chester Housing Authority	2 Weber Dr.	-	34,295	-	-	34,295
JMDH Real Estate of Port Chester, LLC	305 S. Regent St.	205,083	100,385	199	27,301	332,968
G&S Port Chester Unit Lease 1, LLC	S. Main St., Waterfront Pl., and Westchester Ave.	917,615	449,159	5,459	123,155	1,495,388
G&S Port Chester Unit Lease 2A, LLC	Waterfront Pl.	127,844	62,578	761	17,158	208,341
G&S Port Chester Unit Lease 2B, LLC	N. Main St. and Westchester Ave.	14,670	7,181	87	1,969	23,907
G&S Port Chester Unit Lease 2C, LLC	Abendroth Ave. and N. Main St.	38,796	18,990	231	5,207	63,224
G&S Port Chester Unit Lease 2D, LLC	200 William St.	11,684	5,719	70	1,568	19,041
G&S Port Chester Unit Lease 3, LLC	Westchester Ave.	648,308	317,337	3,857	87,011	1,056,513
G&S Port Chester Unit Lease 4A, LLC	S. Main St.	32,958	16,132	196	4,423	53,709
Total		<u>\$ 2,106,332</u>	<u>\$ 1,068,089</u>	<u>\$ 21,992</u>	<u>\$ 272,115</u>	<u>\$ 3,468,528</u>

VILLAGE OF PORT CHESTER INDUSTRIAL DEVELOPMENT AGENCY
(A Component Unit of the Village of Port Chester, New York)
Real Property Listing
Year Ended May 31, 2020

1. **Real Property List**—§2896(3) of Public Authorities Law of the State of New York requires that each public authority must publish, at least annually, a report listing all real property of the authority. At May 31, 2020, the Agency reported no real property.
2. **Real Property Acquisitions**—There were no real property acquisitions during the year ended May 31, 2020.
3. **Real Property Dispositions**—There were no real property dispositions during the year ended May 31, 2020.

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Certified Public Accountants

**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 Members of Village of Port Chester
Industrial Development Agency:

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 Village of Port Chester Industrial Development Agency (the "Agency"), a component unit of the Village of Port Chester, New York, as of and for the year ended May 31, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated July 29, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 over 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 Agency'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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Drescher & Malecki LLP

July 29, 2020