

SLEEPY HOLLOW LOCAL  
DEVELOPMENT CORPORATION

(A Component Unit of the Village  
of Sleepy Hollow, New York)

Basic Financial Statements,  
Supplementary Information and  
Independent Auditors' Report

May 31, 2024 and 2023

SLEEPY HOLLOW LOCAL DEVELOPMENT CORPORATION  
(A Component Unit of the Village of Sleepy Hollow, New York)

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Sleepy Hollow Local Development Corporation:

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of the Sleepy Hollow Local Development Corporation (the LDC), a component unit of the Village of Sleepy Hollow, New York, as of and for the years ended May 31, 2024 and 2023, and the related notes to financial statements, which collectively comprise the LDC's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the LDC, as of May 31, 2024 and 2023, 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 (GAAP).

#### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the LDC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the LDC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt thereafter.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 LDC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the LDC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

## Required Supplementary Information

GAAP requires that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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 Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 16, 2024 on our consideration of the LDC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the LDC's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering LDC's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York  
October 16, 2024

SLEEPY HOLLOW LOCAL DEVELOPMENT CORPORATION  
(A Component Unit of the Village of Sleepy Hollow, New York)

Management's Discussion and Analysis

May 31, 2024 and 2023

The following management's discussion and analysis (MD&A) provides a comprehensive overview of the financial position of Sleepy Hollow Local Development Corporation (the LDC) at May 31, 2024 and 2023, and the results of its operations for the years then ended. The financial statements and related note disclosures, along with this MD&A, have been prepared in accordance with generally accepted accounting principles as defined by the Governmental Accounting Standards Board (GASB) for state and local governments. This MD&A should be read in conjunction with the audited financial statements and accompanying notes to financial statements, which directly follow the MD&A.

**COMPLIANCE AND ACCOUNTABILITY**

The LDC management is under the direction of the five appointed members of the Board. Pursuant to Article II, Section 1 and Section 2 of the LDC's bylaws, the LDC's Board members are appointed by the Board of Trustees of the Village of Sleepy Hollow, New York (Village). The term of office of each Board member of the LDC shall be at the pleasure of the Board of Trustees, and each Board member shall continue to hold office until his/her successor is appointed and has qualified.

The LDC has adopted by-laws, policies and procedures consistent with the 2005 Public Authority Accountability Act (PAAA).

The LDC has established its own governance structure separate from that of the Village. The LDC has a Chief Executive Officer who has the general supervision over the administration of the business and affairs of the LDC. The LDC also appoints a Chief Financial Officer, a non-voting member, who has the care and custody of all funds of the LDC and keeps regular books of accounts for all its receipts and expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual financial report consists of two parts: management's discussion and analysis (this section) and the basic financial statements. The LDC was created by the Village on September 18, 2014 as a local development corporation. The LDC follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the activities of the LDC. These statements are presented in a manner similar to a private business.

SLEEPY HOLLOW LOCAL DEVELOPMENT CORPORATION  
(A Component Unit of the Village of Sleepy Hollow, New York)  
Management's Discussion and Analysis, Continued

**FINANCIAL ANALYSIS OF THE LDC'S NET POSITION**

The following is a summary of the LDC's Statements of Net Position at May 31, 2024 and 2023 and the percentage change between May 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>	<u>% Change</u>
Current assets	\$ 14,936,032	19,930,830	(25.1%)
Lease receivable, net of current portion	30,033,767	31,514,258	(4.7%)
Capital assets, net of depreciation	<u>28,353,471</u>	<u>21,999,050</u>	28.9%
Total assets	<u>73,323,270</u>	<u>73,444,138</u>	(0.2%)
Liabilities	<u>35,265,486</u>	<u>35,285,480</u>	(0.1%)
Deferred inflows of resources	<u>31,514,258</u>	<u>33,018,459</u>	(4.6%)
Net investment in capital assets	6,617,335	5,171,369	28.0%
Unrestricted	<u>(73,809)</u>	<u>(31,170)</u>	136.8%
Total net position	\$ <u>6,543,526</u>	<u>5,140,199</u>	27.3%

On the LDC's Statement of Net Position at May 31, 2024, total assets of \$73,323,270, exceeded total liabilities of \$35,265,486 and total deferred inflows of resources of \$31,514,258 by \$6,543,526 (total net position). Total assets are comprised of capital assets (e.g., land and equipment) totaling \$28,353,471, cash totaling \$13,449,233, lease receivable of \$31,514,258 and other assets of \$6,308. Liabilities are comprised of accounts payable and accrued expenses of \$1,611,597 and \$33,653,889 of bonds payable for the East Parcel development project. Deferred inflows of resources are related to the lease receivable. Of total net position, (\$73,809) is available for ongoing operational expenses.

The following is a summary of the LDC's Statements of Net Position at May 31, 2023 and 2022 and the percentage change between May 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Current assets	\$ 19,930,830	21,848,113	(8.8%)
Lease receivable, net of current portion	31,514,258	33,018,459	(4.6%)
Capital assets, net of depreciation	<u>21,999,050</u>	<u>19,189,859</u>	14.6%
Total assets	<u>73,444,138</u>	<u>74,056,431</u>	(0.8%)

**SLEEPY HOLLOW LOCAL DEVELOPMENT CORPORATION**  
(A Component Unit of the Village of Sleepy Hollow, New York)  
Management's Discussion and Analysis, Continued

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Liabilities	\$ <u>35,285,480</u>	<u>35,335,427</u>	(0.1%)
Deferred inflows of resources	<u>33,018,459</u>	<u>33,288,003</u>	(0.8%)
Net investment in capital assets	5,171,369	4,728,572	9.4%
Restricted expendable	-	359,539	(100.0%)
Unrestricted	<u>(31,170)</u>	<u>344,890</u>	(109.0%)
Total net position	\$ <u>5,140,199</u>	<u>5,433,001</u>	(5.4%)

On the LDC's Statement of Net Position at May 31, 2023, total assets of \$73,444,138, exceeded total liabilities of \$35,285,480 and total deferred inflows of resources of \$33,018,459 by \$5,140,199 (total net position). Total assets are comprised of capital assets (e.g., land and equipment) totaling \$21,999,050, cash totaling \$18,409,746, lease receivable of \$33,018,459 and other assets of \$16,883. Liabilities are comprised of accounts payable and accrued expenses of \$475,480 and \$34,810,000 of bonds payable for the East Parcel development project. Deferred inflows of resources are related to the lease receivable. Of total net position, (\$31,170) is available for ongoing operational expenses.

**OPERATING ACTIVITIES**

The LDC's Statements of Activities are used to report changes in the net position, including depreciation expense. Revenue reported here is based on a standard of recognition whereby revenue is recorded when earned. Revenue is detailed by major source and expenses by natural classification and indicate the change in net position.

The LDC's total revenue for the year ended May 31, 2024 was \$2,604,680, which was an increase of \$1,585,324, or 155.5%, from the year ended May 31, 2023.

The LDC's total revenue for the year ended May 31, 2023 was \$1,019,356, which was an increase of \$4,811, or 0.5%, from the year ended May 31, 2022.

The LDC's total expenses for the year ended May 31, 2024 were \$1,201,353, which was a decrease of \$110,805, or 8.4%, from the year ended May 31, 2023.

The LDC's total expenses for the year ended May 31, 2023 were \$1,312,158, which was an increase of \$4,732, or 0.4%, over the year ended May 31, 2022.

SLEEPY HOLLOW LOCAL DEVELOPMENT CORPORATION  
(A Component Unit of the Village of Sleepy Hollow, New York)  
Management's Discussion and Analysis, Continued

The following summarizes the LDC's change in net position for the fiscal years ended May 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>	<u>% Change</u>
Revenue:			
License fees	\$ 364,364	625,056	(41.7%)
Lease income	1,512,701	269,544	461.2%
Interest income	<u>727,615</u>	<u>124,756</u>	483.2%
Total revenue	<u>2,604,680</u>	<u>1,019,356</u>	155.5%
Expenses:			
Professional fees	14,722	124,293	(88.2%)
Legal fees	47,145	63,972	(26.3%)
Insurance	10,850	10,850	-
Payroll expense	64,523	54,424	18.6%
Utilities	4,057	4,327	(6.2%)
Real property taxes	4,273	4,011	6.5%
General and administrative	21,134	1,418	1,390.4%
Depreciation	2,690	2,690	-
Interest expense	<u>1,031,959</u>	<u>1,046,173</u>	(1.4%)
Total expenses	<u>1,201,353</u>	<u>1,312,158</u>	(8.4%)
Change in net position	\$ <u>1,403,327</u>	<u>(292,802)</u>	(579.3%)

The following summarizes the LDC's change in net position for the fiscal years ended May 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Revenue:			
License fees	\$ 625,056	609,181	2.6%
Lease income	269,544	273,013	(1.3%)
Interest income	124,756	126,362	(1.3%)
Other revenue	<u>-</u>	<u>5,989</u>	(100.0%)
Total revenue	<u>1,019,356</u>	<u>1,014,545</u>	0.5%

**SLEEPY HOLLOW LOCAL DEVELOPMENT CORPORATION**  
(A Component Unit of the Village of Sleepy Hollow, New York)

Management's Discussion and Analysis, Continued

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Expenses:			
Professional fees	\$ 124,293	108,566	14.5%
Legal fees	63,972	36,647	74.6%
Insurance	10,850	10,850	-
Payroll expense	54,424	26,457	105.7%
Utilities	4,327	4,407	(1.8%)
Real property taxes	4,011	3,494	14.8%
General and administrative	1,418	2,918	(51.4%)
Depreciation	2,690	6,043	(55.5%)
Interest expense	<u>1,046,173</u>	<u>1,108,044</u>	(5.6%)
Total expenses	<u>1,312,158</u>	<u>1,307,426</u>	0.4%
Change in net position	\$ <u>(292,802)</u>	<u>(292,881)</u>	-

**CAPITAL ASSETS**

The following summarizes the LDC's capital assets at May 31, 2024 and 2023 and the percentage change between fiscal years:

	<u>2024</u>	<u>2023</u>	<u>% Change</u>
Land	\$ 2,924,694	2,924,694	-
Developmental costs	24,462,971	18,146,996	34.8%
Buildings and improvements	945,839	904,703	4.5%
Equipment	<u>73,881</u>	<u>73,881</u>	-
Total capital assets	28,407,385	22,050,274	28.8%
Less accumulated depreciation	<u>(53,914)</u>	<u>(51,224)</u>	5.3%
Net capital assets	\$ <u>28,353,471</u>	<u>21,999,050</u>	28.9%

The net capital assets of \$28,353,471 presented in the basic financial statements have been depreciated using the straight-line method, effective from the date of acquisition. The net increase of \$6,354,421 from the prior year is comprised of the addition of new capital assets of \$6,357,111 offset by an increase in accumulated depreciation of \$2,690. A more detailed analysis of the LDC's capital assets is presented in note 4.

**SLEEPY HOLLOW LOCAL DEVELOPMENT CORPORATION**  
(A Component Unit of the Village of Sleepy Hollow, New York)  
Management's Discussion and Analysis, Continued

The following summarizes the LDC's capital assets at May 31, 2023 and 2022 and the percentage change between fiscal years:

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Land	\$ 2,924,694	2,924,694	-
Developmental costs	18,146,996	15,358,486	18.2%
Buildings and improvements	904,703	881,332	2.7%
Equipment	<u>73,881</u>	<u>73,881</u>	-
Total capital assets	22,050,274	19,238,393	14.6%
Less accumulated depreciation	<u>(51,224)</u>	<u>(48,534)</u>	5.5%
Net capital assets	\$ <u>21,999,050</u>	<u>19,189,859</u>	14.6%

The net capital assets of \$21,999,050 presented in the basic financial statements have been depreciated using the straight-line method, effective from the date of acquisition. The net increase of \$2,809,191 from the prior year is comprised of the addition of new capital assets of \$2,811,881 offset by an increase in accumulated depreciation of \$2,690. A more detailed analysis of the LDC's capital assets is presented in note 4.

**LONG-TERM DEBT**

Long-term debt at May 31, 2024 is comprised of tax-exempt revenue bonds of \$33,653,889 related to East Parcel Redevelopment Project - Phase Two. A more detailed analysis of the LDC's debt is presented in note 5.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the LDC's finances for all those with an interest in the LDC's finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Chief Financial Officer, Sleepy Hollow Local Development Corporation, 28 Beekman Avenue, Sleepy Hollow, New York 10591.

SLEEPY HOLLOW LOCAL DEVELOPMENT CORPORATION  
(A Component Unit of the Village of Sleepy Hollow, New York)  
Statements of Net Position  
May 31, 2024 and 2023

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and equivalents	\$ 299,876	373,202
Restricted cash:		
Cash held in escrow for project costs	<u>13,149,357</u>	<u>18,036,544</u>
Total cash	13,449,233	18,409,746
Lease receivable, current portion	1,480,491	1,504,201
Prepaid expenses	6,173	16,748
Deposit	<u>135</u>	<u>135</u>
Total current assets	14,936,032	19,930,830
Lease receivable, net of current portion	30,033,767	31,514,258
Capital assets, net of depreciation	<u>28,353,471</u>	<u>21,999,050</u>
Total assets	<u>73,323,270</u>	<u>73,444,138</u>
<u>Liabilities</u>		
Current liabilities:		
Accounts payable and accrued expenses	1,611,597	475,480
Bonds payable within one year	<u>1,156,111</u>	<u>1,156,111</u>
Total current liabilities	2,767,708	1,631,591
Noncurrent liabilities - bonds payable after one year	<u>32,497,778</u>	<u>33,653,889</u>
Total liabilities	<u>35,265,486</u>	<u>35,285,480</u>
<u>Deferred Inflows of Resources</u>		
Lease	<u>31,514,258</u>	<u>33,018,459</u>
<u>Net Position</u>		
Net investment in capital assets	6,617,335	5,171,369
Unrestricted (deficit)	<u>(73,809)</u>	<u>(31,170)</u>
Total net position	<u>\$ 6,543,526</u>	<u>5,140,199</u>

See accompanying notes to financial statements.

SLEEPY HOLLOW LOCAL DEVELOPMENT CORPORATION  
(A Component Unit of the Village of Sleepy Hollow, New York)  
Statements of Activities  
Years ended May 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenue:		
License fees	\$ 364,364	625,056
Lease income	1,512,701	269,544
Interest income	<u>727,615</u>	<u>124,756</u>
Total revenue	<u>2,604,680</u>	<u>1,019,356</u>
Expenses:		
Professional fees	14,722	124,293
Legal fees	47,145	63,972
Insurance	10,850	10,850
Payroll expense	64,523	54,424
Utilities	4,057	4,327
Real property taxes	4,273	4,011
General and administrative	21,134	1,418
Depreciation	2,690	2,690
Interest expense	<u>1,031,959</u>	<u>1,046,173</u>
Total expenses	<u>1,201,353</u>	<u>1,312,158</u>
Change in net position	1,403,327	(292,802)
Net position at beginning of year	<u>5,140,199</u>	<u>5,433,001</u>
Net position at end of year	<u>\$ 6,543,526</u>	<u>5,140,199</u>

See accompanying notes to financial statements.

SLEEPY HOLLOW LOCAL DEVELOPMENT CORPORATION  
(A Component Unit of the Village of Sleepy Hollow, New York)  
Statements of Cash Flows  
Years ended May 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash receipts from operating activities	\$ 2,604,680	1,019,356
Cash paid for operating activities	<u>(185,050)</u>	<u>(234,239)</u>
Net cash provided by operating activities	<u>2,419,630</u>	<u>785,117</u>
Cash flows used in investing activities - additions to capital assets	<u>(5,179,732)</u>	<u>(2,779,182)</u>
Cash flows from financing activities:		
Principal payments on debt	(1,156,111)	(100,000)
Interest payments on debt	<u>(1,044,300)</u>	<u>(1,047,300)</u>
Net cash used in investing activities	<u>(2,200,411)</u>	<u>(1,147,300)</u>
Net change in cash	(4,960,513)	(3,141,365)
Cash at beginning of year	<u>18,409,746</u>	<u>21,551,111</u>
Cash at end of year	<u>\$13,449,233</u>	<u>18,409,746</u>
Reconciliation of changes in net position to net cash provided by operating activities:		
Change in net position	\$ 1,403,327	(292,802)
Adjustments to reconcile change in net position to net cash provided by operating activities:		
Depreciation	2,690	2,690
Interest expense	1,031,959	1,046,173
Changes in:		
Lease receivable	1,504,201	269,544
Prepaid expenses	10,575	10,575
Accounts payable and accrued expenses	(28,921)	18,481
Deferred inflows of resources	<u>(1,504,201)</u>	<u>(269,544)</u>
Net cash provided by operating activities	<u>\$ 2,419,630</u>	<u>785,117</u>
Supplemental schedule of non-cash investing activities - capital assets financed by accounts payable	<u>\$ 1,231,604</u>	<u>54,225</u>

See accompanying notes to financial statements.

SLEEPY HOLLOW LOCAL DEVELOPMENT CORPORATION  
(A Component Unit of the Village of Sleepy Hollow, New York)

Notes to Financial Statements

May 31, 2024 and 2023

(1) Organization and Purpose

The Sleepy Hollow Local Development Corporation (the LDC), a component unit of the Village of Sleepy Hollow, New York (the Village), was created on September 18, 2014 as a local development corporation by the Village under Sections 102 and 1411 of the Not-For-Profit Corporation Law in order to relieve and reduce unemployment, promote and provide for additional and maximum employment, improve and maintain job opportunities, lessen the burdens of government and act in the public interest. The LDC is subject to the Public Authorities Accountability Act of 2005, as amended by Chapter 506 of the Laws of 2009 (collectively, the PAAA ) and shall comply with the PAAA, as set forth within the New York State Public Authorities Law. The LDC is managed by a Board of Directors that serves at the pleasure of the sole member (the Village) and therefore, the Village is considered able to impose its will on the LDC.

The income of the LDC is excludable from taxation under Section 115(1) of the Internal Revenue Code.

(2) Summary of Significant Accounting Policies

The LDC has been identified as a component unit of the Village. In accordance with the criteria enumerated in Governmental Accounting Standards Board (GASB) Statement No. 61, the LDC's financial statements have been discretely presented in the Village's financial statements.

(a) Basis of Accounting

The accounting policies of the LDC conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The LDC 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.

(b) Cash and Equivalents

Cash and equivalents consist of funds deposited in demand deposit accounts. Collateral is required for these deposits at 100% of all deposits not covered by Federal Deposit Insurance Corporation (FDIC) deposit insurance. At May 31, 2024 and 2023, deposits over FDIC coverage were fully collateralized. Cash in escrow accounts are fully collateralized by agreement with the Trustee.

SLEEPY HOLLOW LOCAL DEVELOPMENT CORPORATION  
(A Component Unit of the Village of Sleepy Hollow, New York)

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(c) Receivables and Bad Debt

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

(d) Prepaid Expenses

Prepaid expenses consist of insurance costs which have been satisfied prior to year end but will benefit subsequent periods.

(e) Deposit

The LDC has a deposit for utilities related to 193 Beekman Avenue.

(f) Capital Assets

Capital assets are stated at cost at the date of acquisition or at fair value at the date of contribution, if donated. Depreciation is computed using the straight line method over the estimated useful life of the asset. The estimated useful life of equipment is 5 to 15 years. Land and development costs are not being depreciated.

(g) Deferred Inflows of Resources

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The LDC has one item that qualifies for reporting in this category which is the net present value of lease payments expected to be received during the lease term.

(h) Net Position

The LDC's resources are classified into the following net position categories:

Net investment in capital assets - Capital assets, net of accumulated depreciation, restricted cash held in escrow for project costs, and outstanding principal balances of debt, if any, attributable to the acquisition, construction, or improvement of those assets.

Restricted - Net position subject to externally imposed stipulations requiring the LDC to maintain them in perpetuity. At May 31, 2024 and 2023, the LDC had no restricted net position.

Unrestricted - All other net position, including net position designated by actions, if any, of the LDC's Board of Directors.

(i) Revenue Recognition

Revenues are recognized in the period earned. Revenues collected prior to year-end, if any, relating to the subsequent year, are recorded as unearned revenue.

SLEEPY HOLLOW LOCAL DEVELOPMENT CORPORATION  
(A Component Unit of the Village of Sleepy Hollow, New York)  
Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(j) Use of Estimates

The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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 those estimates.

(k) Subsequent Events

The LDC has evaluated events through the date of this report, which is the date the financial statements were available for issuance.

By resolution adopted April 29, 2024, the LDC accepted surplus property from the Village to market and sell the property to defray rental amounts payable by the Village. By resolution, adopted June 24, 2024, the LDC accepted an offer of \$485,000 for said property.

(3) Lease Receivable

The LDC leases property and facilities commonly referred to as the East Parcel to the Village, which terminates on December 31, 2041. Lease revenue recognized during the year ended May 31, 2024 was \$1,504,201. Lease interest recognized during the year ended May 31, 2024 was \$696,210.

Lease payments from the Village are amounts sufficient to pay the principal and interest of the LDC's Series 2020 tax-exempt revenue bonds as of each payment date with credit for amounts held in escrow for bond interest. Future minimum payments due from the Village under the current lease and the related deferred inflows of resources were discounted to present value using an interest rate of 3%. The amortization of the lease receivable and related deferred inflows of resources is as follows:

<u>Year ending</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Deferred inflows</u>
2025	\$	1,480,491	685,237	2,165,728	1,480,491
2026		1,456,782	674,262	2,131,044	1,456,782
2027		1,433,072	663,289	2,096,361	1,433,072
2028		1,409,363	652,315	2,061,678	1,409,363
2029		1,385,653	641,341	2,026,994	1,385,653
2030 - 2034		6,572,624	3,042,098	9,614,722	6,572,624
2045 - 2039		5,979,886	2,767,753	8,747,639	5,979,886
2040 - 2041		<u>11,796,387</u>	<u>5,459,885</u>	<u>17,256,272</u>	<u>11,796,387</u>
	\$	<u>31,514,258</u>	<u>14,586,180</u>	<u>46,100,438</u>	<u>31,514,258</u>

SLEEPY HOLLOW LOCAL DEVELOPMENT CORPORATION  
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Notes to Financial Statements, Continued

(3) Lease Receivable, Continued

In the event that, during any fiscal period of the Village, sufficient funds are not appropriated by the Village’s governing body for the payment of all or a portion of the amounts due under the lease agreement (an “Event of Nonappropriation”), then the Village may terminate the lease agreement as of the end of its then-current fiscal period and shall not be obligated to pay any amounts due with respect to its leasing of the property beyond the end of such fiscal period. The Village agrees to give the LDC and the Bondholder written notice of an Event of Nonappropriation at least 45 days prior to the end of the then-current fiscal period, or, if an Event of Nonappropriation has not occurred by that date, immediately upon such non-appropriation.

The Village shall have the option to terminate the lease agreement in whole, but not in part, on any scheduled lease payment date prior to the conclusion of the lease term hereof upon not less than 45 days’ written notice to the LDC and the Bondholder and by paying the amount equal to all lease and any other amounts then due or past due hereunder, including the lease payment due on the repayment date, and the applicable “Prepayment Price” set forth in lease agreement, which amounts will be paid to the Bondholder for the account of LDC to pay the principal amount of the outstanding bonds, interest thereon to the date of redemption of the bonds and any premium due on the bonds and an amount sufficient to pay all unpaid fees and expenses of the Bondholder.

(4) Capital Assets

At May 31, 2024 and 2023, capital assets consisted of the following:

	2024			
	Beginning Balance	Additions	Dispositions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,924,694	-	-	2,924,694
Development costs	18,146,996	6,315,975	-	24,462,971
Building and improvements	904,703	41,136	-	945,839
Total capital assets, not being depreciated	21,976,393	6,357,111	-	28,333,504
Capital assets being depreciated - equipment	73,881	-	-	73,881
Less accumulated depreciation	(51,224)	(2,690)	-	(53,914)
Total capital assets being depreciated, net	22,657	(2,690)	-	19,967
Capital assets, net	\$ 21,999,050	6,354,421	-	28,353,471

SLEEPY HOLLOW LOCAL DEVELOPMENT CORPORATION  
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Notes to Financial Statements, Continued

(4) Capital Assets, Continued

	2023			
	Beginning Balance	Additions	Dispositions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,924,694	-	-	2,924,694
Development costs	15,358,486	2,788,510	-	18,146,996
Building and improvements	881,332	23,371	-	904,703
Total capital assets, not being depreciated	19,164,512	2,811,881	-	21,976,393
Capital assets being depreciated - equipment	73,881	-	-	73,881
Less accumulated depreciation	(48,534)	(2,690)	-	(51,224)
Total capital assets being depreciated, net	25,347	(2,690)	-	22,657
Capital assets, net	\$ 19,189,859	2,809,191	-	21,999,050

(5) Bonds Payable

Bonds payable as of May 31, 2024 and 2023 are as follows

	2024	2023
Tax-exempt revenue bonds (Village of Sleepy Hollow East Parcel Redevelopment Project Phase II), Series 2020 dated December 30, 2020 in the amount of \$35,000,000 with an interest rate of 3% and maturity date of January 15, 2041.	\$ 33,653,889	34,810,000
Less amounts due within one year	(1,156,111)	(1,156,111)
Bonds payable after one year	\$ 32,497,778	33,653,889

The following is a summary of the maturity of bonds payable as of May 31, 2024:

Year ending	Principal	Interest	Total
2025	\$ 1,156,111	1,009,617	2,165,728
2026	1,156,111	974,933	2,131,044
2027	1,156,111	940,250	2,096,361
2028	1,156,111	905,567	2,061,678
2029	1,156,111	870,883	2,026,994
2030-2034	5,780,555	3,834,167	9,614,722
2035-2039	5,780,555	2,967,083	8,747,638
2040-2041	16,312,224	944,050	17,256,274
	\$ 33,653,889	12,446,550	46,100,439

SLEEPY HOLLOW LOCAL DEVELOPMENT CORPORATION  
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Notes to Financial Statements, Continued

(5) Bonds Payable, Continued

The bonds are secured by a mortgage and security agreement granting the bond holder a first lien mortgage and security interest on the project, and also by the assignment of leases and rents which assigned to the bond holder a first priority lien in the leases relating to the rents from the project.

In the event of default, the bondholder may take, to the extent permitted by law, any one or more of the following remedial steps: (i) terminate its obligation to disburse the monies in the project fund and/or to advance monies under the building loan agreement and the escrow agreement, (ii) declare the prepayment price on the bonds to be forthwith due and payable, (iii) apply any monies held in the project fund, capitalized interest account, or any other account or fund hereunder (except for the rebate fund) to the prepayment price, (iv) exercise any one or more of the remedies provided in the mortgage or any other security document, (v) exercise any other remedy available at law or in equity, including, without limitation, the right to seek an action in the nature of mandamus or specific enforcement/performance.

(6) Risk Management

The LDC obtained pollution legal liability insurance on December 22, 2014 with coverage up to \$10 million with a \$250,000 deductible through December 22, 2024.

The LDC is exposed to various risk of loss related to litigation. Management of the LDC and its attorney's believe that the final settlement of these matters will not have an adverse effect on the financial condition of the LDC.