



Ernst & Young LLP
5 Times Square
New York, NY 10036-6530

Tel: +1 212 773 3000
Fax: +1 212 773 6350
ey.com

Report of Independent Accountants on Applying Agreed-Upon Procedures

To Management of the New York City Economic Development Corporation:

We have performed the procedures enumerated in Exhibit 1, which were agreed to by management of the New York City Economic Development Corporation (NYCEDC), solely to assist you in evaluating management's assertion that the forms listed below and included in the report for the fiscal year ended June 30, 2015, required under Title 49 U.S.C. 5335(a), are in conformity with the requirements of the Federal Transit Administrations (FTA) as set forth in its applicable National Transit Database (NTD) Uniform System of Accounts (USOA), and are derived from an accounting system that uses the accrual basis of accounting and is directly translated to the accounting treatment and categories specified by USOA. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in Exhibit 1 either for the purpose for which this report has been requested or for any other purpose.

Forms reported on:

- Sources of Funds – Funded Expenses and Funds Earned form (F-10)
- Operating Expenses form (F-30) – FB PT
- Operating Expenses Summary form (F-40)
- Contractual Relationship form (B30)

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of New York City Economic Development Corporation and the United States Department of Transportation – Office of the Inspector General and is not intended to be and should not be used by anyone other than these specified parties.

Ernst & Young LLP

April 20, 2016

Exhibit 1

1. As NYCEDC purchases transportation services (PT), interview the personnel reporting the NTD data regarding the amount of PT generated fare revenues. The PT fare revenues should equal the amount reported on the Contractual Relationship form (B-30).

Results

We were informed by the NTD Project Manager, that NYCEDC contracts for transportation service and that PT fare revenues for fiscal year 2015 were collected by the contract service provider and reported to NYCEDC. We compared the PT fare revenues reported on the Contractual Relationship form (B-30) prepared by NYCEDC to the amount reported by the contractor in its unaudited financial statements and found them to be in agreement.

2. Obtain the Sources of Funds – Funded Expenses and Funds Earned form (F-10) and compare the Funds Earned amount reported of \$5,658,661 to the amount reported by the contractor in its unaudited financial statements and form B-30.

Results

We obtained form F-10 and compared the Funds Earned amount of \$5,658,661 to the amount reported by the contractor in its unaudited financial statements for the year ended December 31, 2014 and form B-30 and found them to be in agreement.

3. Compare the Other Directly Generated Funds amount of \$1,397,266 reported in form F-10 to the amount reported by the contractor in its unaudited financial statements.

Results

We compared the Other Directly Generated Funds amount of \$1,397,266 to the amount reported by the contractor in its unaudited financial statements for the year ended December 31, 2014 and found them to be in agreement. We were informed by the NTD Project Manager, that this amount consists of \$700,000 of funding by NYCEDC per the PT contract and \$697,266 of operating expenses incurred by NYCEDC.

4. Compare the Funds Allocated to Transit out of the General Revenue of the Government Entity amount of \$2,000,000 reported in form F-10 to the amount reported by the contractor in its unaudited financial statements.

Results

We compared the Funds Allocated to Transit out of the General Revenue of the Government Entity amount of \$2,000,000 reported in form F-10 to the amount reported by the contractor in its unaudited financial statements and found them to be in agreement. We were informed by the NTD Project Manager, that this amount represents funding by the City of New York per the PT contract.

5. Compare operating expenses reported as “In Report (508.01)” on the Operating Expenses form – (F-30) – FB PT and the Operating Expenses Summary form (F-40) with unaudited financial statements prepared by the contractor and inquired as to whether it is based on the accrual basis of accounting.

Results

We compared operating expenses reported as “In Report (508.01)” on the Operating Expenses form – (F-30) – FB PT and the Operating Expenses Summary form (F-40) with unaudited financial statements prepared by the contractor for the year ended December 31, 2014 and found them to be in agreement. We were informed by the NTD Project Manager that the unaudited financial statements based on the accrual basis of accounting.

6. Compare operating expenses reported, except for “In Report (508.01)”, on the Operating Expenses form – (F-30) – FB PT and the Operating Expenses Summary form (F-40) with audited financial data.

Results

We obtained NYCEDC’s Financial Allocation Schedule, prepared by officials of the NYCEDC who have responsibility for financial and accounting matters, which was used for the purpose of identifying direct ferry costs and allocating indirect costs of NYCEDC to ferry operations. The indirect cost categories consisted of the following categories:

- Other Salaries and Wages
- Fringe Benefits
- Services
- Other Materials and Supplies
- Utilities
- Casualty and Liability Costs
- Miscellaneous
- Interest Expense
- Leases and Rentals
- Related Party Leases
- Depreciation

We agreed the base amounts allocated to ferry operations to NYCEDC’s trial balance as of and for the year ended June 30, 2015, which was used to prepare the consolidated financial statements, based on the accrual basis of accounting, that we rendered an opinion dated September 30, 2015, and found them to be in agreement.

We were informed by the NTD Project Manager that the indirect costs were allocated to ferry operations based on the direct ferry operations payroll and fringe expenses for the total full-time equivalent as a percentage of total NYCEDC payroll and fringe expense (allocation ratio). We compared the amounts used in the calculation (direct payroll & fringe and total payroll and fringe)

to the NYCEDC's trial balance, and found them to be in agreement. We also recalculated the allocation ratio without exception.

We compared operating expenses reported, except for "In Report (508.01)", on the Operating Expenses form – (F-30) – FB PT and the Operating Expenses Summary form (F-40) with those in NYCEDC's Financial Allocation Schedule as of and for the year ended June 30, 2015 and found them to be in agreement.