

CITY OF PEEKSKILL FACILITIES DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2011 AND 2010

WITH INDEPENDENT AUDITORS' REPORT

CITY OF PEEKSKILL FACILITIES DEVELOPMENT CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
City of Peekskill Facilities Development Corporation:

We have audited the accompanying statements of net assets of the City of Peekskill Facilities Development Corporation ("FDC") as of December 31, 2011 and 2010 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the FDC's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 FDC'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 and assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Peekskill Facilities Development Corporation as of December 31, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

O'Connor Davies Munns & Dobbins, LLP

O'Connor Davies Munns & Dobbins, LLP
Harrison, New York
February 17, 2012

**City of Peekskill Facilities Development Corporation
Management's Discussion and Analysis
Year Ended December 31, 2011**

Compliance and Accountability

The Entity shall be known as Peekskill Facilities Development Corporation. The initial Member of the Entity shall be the City of Peekskill Industrial Development Agency ("Agency"), which from time to time shall appoint voting and non-voting members of the Board of Directors of the FDC. The FDC shall be managed by its Board of Directors, which shall establish all general policies governing its operations. Any Director may be removed from the board with or without cause by the affirmative vote of a majority of the Members.

Following the passage of the 2005 Public Authority Accountability Act ("PAAA"), the FDC adopted new by-laws, policies and procedures consistent with the PAAA.

The FDC has established its own financial systems separate from those of the City of Peekskill, New York. The FDC has an Executive Director who has the general supervision over the administration of the business and affairs of the FDC. He also serves as compliance officer. The Compliance Officer is responsible for insuring that the FDC complies with all financial and other reporting requirements imposed by structure, including those requirements in General Municipal Law and the PAAA. The FDC also appoints a Treasurer, a non-voting member, who has the care and custody of all funds of the FDC and keeps regular books of accounts for all its receipts and expenditures. The Treasurer also renders financial reports during each of the FDC's regular meetings.

An Audit Committee of three Board members is responsible for the appointment, compensation and oversight of the public accounting firm. The Audit Committee offers its recommendations to the full Agency for action and/or adoption.

Financial Highlights

Change in Net Assets

Net assets increased by \$7,282 in 2011 compared to the 2010 decrease in net assets of \$5,562. The increase is due to an increase in revenues of \$26,989 offset by increases in expenditures of \$14,145 for professional services.

Liquidity

Cash and equivalents increased by \$8,132 in 2011. The overall increase in cash and equivalents is primarily due to the increase in cash flows from operating activities.

CITY OF PEEKSKILL FACILITIES DEVELOPMENT CORPORATION

STATEMENTS OF NET ASSETS
DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	<u>\$ 73,038</u>	<u>\$ 64,906</u>
 LIABILITIES AND NET ASSETS		
Liabilities -		
Due to other governments	\$ 850	\$ -
Net assets - Unrestricted	<u>72,188</u>	<u>64,906</u>
	<u>\$ 73,038</u>	<u>\$ 64,906</u>

See notes to financial statements

CITY OF PEEKSKILL FACILITIES DEVELOPMENT CORPORATION

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Revenues:		
Interest income	\$ 48	\$ 174
Grant income	<u>45,000</u>	<u>17,885</u>
Total Revenues	<u>45,048</u>	<u>18,059</u>
Expenses:		
Salaries	2,517	-
Professional fees	<u>35,249</u>	<u>23,621</u>
Total Expenses	<u>37,766</u>	<u>23,621</u>
Change in Net Assets	7,282	(5,562)
Net Assets - Beginning of Year	<u>64,906</u>	<u>70,468</u>
Net Assets - End of Year	<u><u>\$ 72,188</u></u>	<u><u>\$ 64,906</u></u>

See notes to financial statements

CITY OF PEEKSKILL FACILITIES DEVELOPMENT CORPORATION

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities		
Cash received from interest	\$ 48	\$ 174
Cash received from grants	45,000	17,885
Cash paid for administrative costs	<u>(36,916)</u>	<u>(23,621)</u>
Net Cash from Operating Activities and Change in Cash and Cash Equivalents	8,132	(5,562)
Cash and Cash Equivalents - Beginning of Year	<u>64,906</u>	<u>70,468</u>
Cash and Cash Equivalents - End of Year	<u>\$ 73,038</u>	<u>\$ 64,906</u>
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities	\$ 7,282	\$ (5,562)
Changes in liabilities:		
Due to other governments	<u>850</u>	<u>-</u>
Net Cash From Operating Activities	<u>\$ 8,132</u>	<u>\$ (5,562)</u>

See notes to financial statements

CITY OF PEEKSKILL FACILITIES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2011 AND 2010

Note 1 - Organization

Organization and Purpose

The City of Peekskill Facilities Development Corporation ("FDC") was incorporated under Sections 102 and 1411 of the Not-For-Profit Corporation Law for the purpose of promoting, coordinating and executing programs in the City of Peekskill aimed at improving the quality of life of the city residents.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accounts of the FDC are maintained 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 Cash Equivalents

Cash and cash equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and certificates of deposit with maturities of less than three months, at the time of purchase. Collateral is required for these deposits at 100% of all deposits not covered by Federal deposit insurance.

Use of Estimates

The preparation of the 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 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.

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 February 17, 2012.

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

To the Board of Directors of the
City of Peekskill Facilities Development Corporation:

We have audited the financial statements of City of Peekskill Facilities Development Corporation ("FDC") as of and for the year ended December 31, 2011, and have issued our report thereon dated February 17, 2012. We conducted our audit 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.

Internal Control Over Financial Reporting

Management of the FDC is responsible for establishing and maintaining internal control over financial reporting. In planning and performing our audit, we considered the FDC's internal control over financial reporting as a basis for designing our auditing procedures 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 FDC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the FDC's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the FDC's financial statements are free of material misstatements, 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*.

This report is intended solely for the information and use of management, the Board of Directors, and the New York State Office of the Comptroller and is not intended to be and should not be used by anyone other than these specified parties.

O'Connor Davies Munns & Dobbins, LLP

O'Connor Davies Munns & Dobbins, LLP
Harrison, New York
February 17, 2012

**Independent Accountants' Report on Compliance with Section 2925(3)(1)
of the New York State Public Authorities Law**

To the Board of Directors of the
City of Peekskill Facilities Development Corporation:

We have examined the City of Peekskill Facilities Development Corporation's ("FDC") compliance with Section 2925(3)(1) of the New York State Public Authorities Law and Part 201 of Title Two of the New York Code of Rules and Regulations during the year ended December 31, 2011. Management is responsible for the FDC's compliance with those requirements. Our responsibility is to express an opinion on the FDC's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included examining on a test basis evidence supporting the FDC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the FDC's compliance with specified requirements.

In our opinion, the FDC complied, in all material respects, with the aforementioned requirements during the year ended December 31, 2011.

This report is intended solely for the information and use of management, the Board of Directors and the Office of the State Comptroller of the State of New York. It is not intended to be and should not be used by anyone other than these specified parties.

O'Connor Davies Munns & Dobbins, LLP

O'Connor Davies Munns & Dobbins, LLP
Harrison, New York
February 17, 2012