

**City of Peekskill Facilities Development Corporation**

**Financial Statements**

**Years Ended December 31, 2012 and 2011**

# **City of Peekskill Facilities Development Corporation**

## **Table of Contents**

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	<b><u>Page No.</u></b>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3
Statements of Net Position	4
Statements of Activities	5
Statement of Cash Flows	6
Notes to Financial Statements	7
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	8-9
Independent Accountants' Report on Compliance with Section 2925 (3) (1) of the New York State Public Authorities Law	10

## **Independent Auditors' Report**

### **The Board of Directors of the City of Peekskill Facilities Development Corporation**

We have audited the accompanying statements of net position of the City of Peekskill Facilities Development Corporation ("FDC") as of and for the years ended December 31, 2012 and 2011 and the related notes to the financial statements which collectively comprise the FDC's financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**



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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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 auditors' 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 respective financial position of the FDC, as of December 31, 2012, and the respective changes in financial position and cash flows thereof for the year 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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2013 on our consideration of the FDC'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 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 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 FDC's internal control over financial reporting and compliance.

*O'Connor Davies, LLP*

O'Connor Davies, LLP

Harrison, New York

March 14, 2013

**City of Peekskill Facilities Development Corporation**  
**Management's Discussion and Analysis**  
**Year Ended December 31, 2012**

**Compliance and Accountability**

The Entity shall be known as Peekskill Facilities Development Corporation ("FDC"). The initial Member of the FDC 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. 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 Position***

Net position decreased by \$757 in 2012 compared to the 2011 increase of \$7,282. The decrease is due to an increase in revenues of \$381,260 offset by increases in expenses of \$389,299.

***Liquidity***

Cash and equivalents decreased by \$1,607 in 2012. The overall decrease in cash and equivalents is primarily due to the decrease in cash flows from operating activities.

**City of Peekskill Facilities Development Corporation**

**Statements of Net Position  
December 31,**

	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	<u>\$ 71,431</u>	<u>\$ 73,038</u>
<b>LIABILITIES AND NET POSITION</b>		
Liabilities		
Due to other governments	\$ -	\$ 850
Net Position		
Unrestricted	<u>71,431</u>	<u>72,188</u>
	<u>\$ 71,431</u>	<u>\$ 73,038</u>

See notes to financial statements

**City of Peekskill Facilities Development Corporation**

**Statements of Activities**  
**Years Ended December 31,**

	<u>2012</u>	<u>2011</u>
<b>OPERATING REVENUE</b>		
Grant income	<u>\$ 426,215</u>	<u>\$ 45,000</u>
<b>OPERATING EXPENSES</b>		
Salaries	850	2,517
Grant expenses	<u>426,215</u>	<u>35,249</u>
Total Operating Expenses	<u>427,065</u>	<u>37,766</u>
Gain (Loss) from Operations	(850)	7,234
<b>NON-OPERATING REVENUES</b>		
Interest income	<u>93</u>	<u>48</u>
Change in Net Position	(757)	7,282
Net Position - Beginning of Year	<u>72,188</u>	<u>64,906</u>
Net Position - End of Year	<u><u>\$ 71,431</u></u>	<u><u>\$ 72,188</u></u>

See notes to financial statements

**City of Peekskill Facilities Development Corporation**

**Statements of Cash Flows**  
**Years Ended December 31,**

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from grants	\$ 426,215	\$ 45,000
Cash paid for administrative costs	<u>(427,915)</u>	<u>(36,916)</u>
Net Cash from Operating Activities	(1,700)	8,084
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	<u>93</u>	<u>48</u>
Net Change in Cash and Cash Equivalents	(1,607)	8,132
Cash and Cash Equivalents - Beginning of Year	<u>73,038</u>	<u>64,906</u>
Cash and Cash Equivalents - End of Year	<u>\$ 71,431</u>	<u>\$ 73,038</u>
<b>RECONCILIATION OF CHANGE IN NET POSITION TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Gain (Loss) from Operations	\$ (850)	\$ 7,234
Changes in liabilities		
Due to other governments	<u>(850)</u>	<u>850</u>
Net Cash From Operating Activities	<u>\$ (1,700)</u>	<u>\$ 8,084</u>

See notes to financial statements



## **City of Peekskill Facilities Development Corporation**

Notes to the Financial Statements  
December 31, 2012 and 2011

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### **Note 1 - Summary of Significant Accounting Policies**

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, New York 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

#### **A. 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.

#### **B. Assets, Liabilities and Net Position**

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

**Net Position** - Net position represents the difference between asset and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the FDC or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position on the statement of net position is classified as unrestricted.

#### **C. 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.

#### **D. Subsequent Events Evaluation by Management**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is March 14, 2013.

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**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**

**Independent Auditors' Report**

**The Board of Directors of the  
City of Peekskill Facilities Development Corporation**

We have audited, in accordance with the 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, of the City of Peekskill Facilities Development Corporation, New York ("FDC") as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the FDC's financial statements, and have issued our report thereon dated March 14, 2013.

**Internal Control Over Financial Reporting**

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

*O'Connor Davies, LLP*

O'Connor Davies, LLP  
Harrison, New York  
March 14, 2013

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

**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, 2012. 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, 2012.

This report is intended solely for the information and use of management, the Board of Directors, officials of the City of Peekskill, New York 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, LLP*

O'Connor Dobbins, LLP  
Harrison, New York  
March 14, 2013

O'CONNOR DAVIES, LLP

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