

**CITY OF PEEKSKILL FACILITIES DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2010 AND 2009**

**WITH INDEPENDENT AUDITORS' REPORT**



O'Connor Davies Munns & Dobbins, LLP  
ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of the City of Peekskill Facilities Development Corporation (the "FDC") as of December 31, 2010 and 2009 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. 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 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.

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, 2010 and 2009 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*

Harrison, New York  
March 18, 2011

**City of Peekskill Facilities Development Corporation  
Management's Discussion and Analysis  
Year Ended December 31, 2010**

**Compliance and Accountability**

The City of Peekskill Facilities Development Corporation (the "FDC") management was under the direction of the seven appointed members of the Board. Pursuant to Article II, Section 1 and Section 2 of the FDC's bylaws, the FDC's Board members are appointed by the Common Council of the City of Peekskill. The term of office of each Board member of the FDC shall be at the pleasure of the Council, and each Board member shall continue to hold office until his/her successor is appointed and has qualified.

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

The FDC has established its own financial systems separate from those of the City of Peekskill. 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 the 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***

The change in net assets increased by \$10,391 in 2010 compared to the 2009 decrease in net assets of \$15,953. The \$10,391 increase is due to a increase in revenues of \$17,892 and increases in expenditures of \$7,501 for professional services.

***Liquidity***

Cash and equivalents decreased by \$5,562 in 2010. The overall decrease in cash and equivalents is primarily due to the increase in cash outflows for operating activities.

CITY OF PEEKSKILL FACILITIES DEVELOPMENT CORPORATION

STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2010 AND 2009

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	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash and cash equivalents	<u>\$ 64,906</u>	<u>\$ 70,468</u>
 <b>NET ASSETS</b>		
Net assets, unrestricted	<u>\$ 64,906</u>	<u>\$ 70,468</u>

See notes to financial statements

CITY OF PEEKSKILL FACILITIES DEVELOPMENT CORPORATION

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Revenues		
Interest income	\$ 174	\$ 167
Grant Income	17,885	-
Total Revenue	18,059	167
Expenses	23,621	16,120
Change in Net Assets	(5,562)	(15,953)
Net Assets - Beginning of Year	70,468	86,421
Net Assets - End of Year	\$ 64,906	\$ 70,468

See notes to financial statements

CITY OF PEEKSKILL FACILITIES DEVELOPMENT CORPORATION

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	2009
Cash Flows from Operating Activities		
Cash received from interest	\$ 174	\$ 167
Cash received from grant	17,885	-
Cash paid for administrative costs	(23,621)	(16,120)
Net Cash from Operating Activities and Change in Cash and Cash Equivalents	(5,562)	(15,953)
Cash and Cash Equivalents - Beginning of Year	70,468	86,421
Cash and Cash Equivalents - End of Year	<u>\$ 64,906</u>	<u>\$ 70,468</u>
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities		
Change in Net Assets	<u>\$ (5,562)</u>	<u>\$ (15,953)</u>
	<u>\$ (5,562)</u>	<u>\$ (15,953)</u>

See notes to financial statements

CITY OF PEEKSKILL FACILITIES DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009

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**Note 1 - Organization**

**Organization and Purpose**

The City of Peekskill Facilities Development Corporation (the "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 March 18, 2011.