

City of Peekskill Local Development Corporation

Financial Statements

December 31, 2021 and 2020

City of Peekskill Local Development Corporation

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City of Peekskill Local Development Corporation

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the City of Peekskill Local Development Corporation ("LDC"), as of and for the years ended December 31, 2021 and 2020 and the related notes to the financial statements, which collectively comprise the LDC's 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 December 31, 2021 and 2020 and the 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.

Basis for Opinions

We conducted our audit 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 audit. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 shortly 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 audit.
- 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 audit 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 judgement, 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 audit.

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 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 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 February 25, 2022 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 to solely 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 the LDC's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

February 25, 2022

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**City of Peekskill Local Development Corporation
Management's Discussion and Analysis**

Years Ended December 31, 2021 and 2020

Compliance and Accountability

The City of Peekskill Local Development Corporation ("LDC") management is under the direction of the seven 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 Common Council of the City of Peekskill, New York ("City"). The term of office of each Board member of the LDC shall be at the pleasure of the Common 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 LDC adopted new by-laws, policies and procedures consistent with the PAAA.

The LDC has established its own financial systems separate from those of the City. The LDC has an Executive Director who has the general supervision over the administration of the business and affairs of the LDC. The Executive Director also serves as compliance officer. The Compliance Officer is responsible for ensuring that the LDC complies with all financial and other reporting requirements imposed by structure, including those requirements in General Municipal Law and the PAAA. The LDC also appoints a Treasurer, 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. The Treasurer also renders financial reports during each of the LDC'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 Board for action and/or adoption.

Financial Highlights

There are no financial activities to be reported in 2021 and 2020 since the LDC did not undertake any development projects due to current unfavorable economic conditions.

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City of Peekskill Local Development Corporation

**Comparative Statement of Net Position
December 31,**

	<u>2021</u>	<u>2020</u>
ASSETS	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND NET POSITION	<u>\$ -</u>	<u>\$ -</u>

City of Peekskill Local Development Corporation

Comparative Statement of Activities
Years Ended December 31,

	<u>2021</u>	<u>2020</u>
REVENUES	\$ -	\$ -
EXPENSES	-	-
Change in Net Position	-	-
NET POSITION		
Beginning of Year	-	-
End of Year	<u>\$ -</u>	<u>\$ -</u>

City of Peekskill Local Development Corporation

Comparative Statement of Cash Flows
Years Ended December 31,

	<u>2021</u>	<u>2020</u>
Net Cash from Operating Activities	\$ -	\$ -
CASH AND EQUIVALENTS		
Beginning of Year	<u>-</u>	<u>-</u>
End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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City of Peekskill Local Development Corporation

Notes to the Financial Statements December 31, 2021 and 2020

Note 1 - Organization and Purpose

The City of Peekskill Local Development Corporation ("LDC") 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 ("City") aimed at improving the quality of life of City residents. There has been no activity within the LDC for the past three years.

On February 14, 1998, the LDC acquired a parcel of real property located within the boundaries of the City, from the City of Peekskill Industrial Development LDC ("LDC") and entered into a contract to adapt this property for office utilization. In conjunction with this project, the LDC issued tax exempt lease revenue bonds in the amount of \$3,000,000.

During September of 1999, the LDC sold its interest in the above referenced property for \$3,550,000. A portion of the proceeds of the sale were used to purchase State and Local Government Securities ("SLGS") sufficient to create a cash flow stream that will provide for the debt servicing of the remaining bond principal in the amount of \$2,870,000 as of September 29, 1999 ("bond defeasance") and continuing related interest cost thereon. As a result of the bond defeasance, the aforementioned funds and bonds are not included in the accompanying financial statements.

The LDC is not currently involved in the financing of any project for the benefit of the City but remains available to assist in the funding of projects that will enhance the quality of life in the City.

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

Note 2 - Summary of Significant Accounting Policies

A. Basis of Accounting

The financial statements of the LDC have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board ("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. Assets, Liabilities and Net Position

Net Position - Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

City of Peekskill Local Development Corporation

Notes to the Financial Statements (Concluded)
December 31, 2021 and 2020

Note 2 - Summary of Significant Accounting Policies (Continued)

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either through the enabling legislation adopted by the City Council or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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. Financial Activity

For the years ended December 31, 2021 and 2020, the LDC had no financial activity. In addition, there are no assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position as of December 31, 2021 and 2020.

E. 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 25, 2022.

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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 Local 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, the financial statements of the City of Peekskill Local Development Corporation ("LDC") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the LDC's financial statements, and have issued our report thereon dated February 25, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the LDC'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 LDC's internal control. Accordingly, we do not express an opinion on the effectiveness of the LDC'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 or significant deficiencies may exist that were not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the LDC'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 LDC'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 LDC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP
Harrison, New York
February 25, 2022



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