

**NEW ROCHELLE INDUSTRIAL
DEVELOPMENT AGENCY
(A COMPONENT UNIT OF
THE CITY OF NEW ROCHELLE)
FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011**

NEW ROCHELLE INDUSTRIAL DEVELOPMENT AGENCY

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BLOOM AND STREIT LLP
CERTIFIED PUBLIC ACCOUNTANTS

ROGER BERMAN, CPA
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INDEPENDENT AUDITORS' REPORT

To the Board
NEW ROCHELLE INDUSTRIAL DEVELOPMENT

We have audited the accompanying financial statements of New Rochelle Industrial Development Agency, which comprise the statements of net assets as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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 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 audits to obtain reasonable assurance about whether the financial statements are free of 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' judgement, 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 auditors consider 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Rochelle Industrial Development Agency, as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Bloom and Streit LLP

BLOOM AND STREIT LLP
Certified Public Accountants
February 28, 2013

**New Rochelle, New York Industrial Development Agency
Management's Discussion and Analysis (MD&A)
December 31, 2012**

Introduction

As management of the New Rochelle Industrial Development Agency ("IDA") we offer readers of the IDA's financial statements this narrative overview and analysis of the financial activities of the IDA for the fiscal year ended December 31, 2012. This discussion should be read in conjunction with the basic financial statements and the accompanying notes to those statements that follow this section and is prepared pursuant to the requirements of the Governmental Accounting Standards Board Statement No. 34 Basic Financial Statements for State and Local Governments (GASB 34).

Organization

The New Rochelle Industrial Development Agency is a public benefit corporation created in 1977 pursuant to Section 908-b of the New York State General Municipal Law. Its seven-member governing board is appointed by the New Rochelle City Council to indefinite terms. Presently, a member of the New Rochelle City Council serves as the IDA's Chairperson and the City Manager of the City of New Rochelle serves as the IDA's Treasurer. A representative from the New Rochelle School District serves on the board as well as four other residents of New Rochelle.

The IDA is a separate entity and operates independently from the City of New Rochelle. However, because the City appoints its board of directors, the IDA is financially accountable to the City and is also included in the City's financial statements as a component unit.

Financial Highlights for Fiscal Year 2012

- The net assets (assets minus liabilities) of the IDA for fiscal year 2012 were \$223,509. This represents a decrease of \$25,930 from the prior year.
- Total revenues for fiscal year 2012 were \$91,191, a decrease of \$54,567, or 37% from the prior year.
- Total expenses for fiscal year 2012 were \$117,121, a minor decrease of \$134 from the prior year.

Overview of the Financial Statements

The IDA's financial statements are composed of this Management Discussion and Analysis (MD&A) and the basic financial statements. The MD&A provides an analysis and overview of the IDA's financial activities. This report also includes other supplementary information as listed in the table of contents.

Agency Financial Statements

The financial statements of the IDA are presented in a manner similar to private-sector business financial statements. The statements are prepared using the economic resources measurement focus and the accrual basis of accounting and include three statements: Statement of Net Assets, Statement of Activities and Statement of Cash Flows.

The Statement of Net Assets presents the IDA's total assets and liabilities with the difference reported as net assets. Over time, increases or decreases in the net assets may serve as a gauge as to whether the financial position of the IDA is improving or deteriorating.

The Statement of Activities presents information showing the change in the IDA's net assets during the current fiscal year. All revenues and expenses are reported in this statement regardless of the timing of cash flows.

The Statement of Cash Flows presents information showing changes in the IDA's cash position during the current fiscal year. These changes are largely a result of changes in net assets resulting from the above statements and changes in investment activities.

The agency financial statements can be found immediately following this discussion and analysis.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the agency financial statements. The notes can be found following the basic financial statements section of this report.

Other Information

Additional statements and schedules can be found immediately following the notes to the financial statements. These include a schedule of budget to actual comparisons and a schedule of current year revenues and expenditures compared to the prior year.

Agency Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the agency's financial position. In the case of the IDA, assets exceeded liabilities by \$223,509 for fiscal year 2012.

The following table reflects the condensed Statement of Net Assets compared to the prior year:

	<u>2012</u>	<u>2011</u>
Current Assets	\$ 240,843	\$ 269,439
Capital Assets	<u>0</u>	<u>0</u>
Total Assets	\$ 240,843	\$ 269,439
Current Liabilities	\$ 17,334	\$ 20,000
Long-term Liabilities	<u>0</u>	<u>0</u>
Total Liabilities	\$ 17,334	\$ 20,000
Net Assets - Unrestricted	<u>\$ 223,509</u>	<u>\$ 249,439</u>

The decrease in net assets from the prior year is a result of fiscal year 2012 activities, where operating expenses exceeded revenues by \$25,930. All of these assets are unrestricted and are available for future spending.

New Rochelle IDA Changes in Net Assets

	<u>2012</u>	<u>2011</u>
Revenues:		
Charges for Services	\$ 90,924	\$145,745
Interest and Misc. Income	<u>267</u>	<u>13</u>
Total Revenues	\$ 91,191	\$145,758
Expenditures:		
Contract/Consulting Services	\$111,200	\$109,000
Other	<u>5,921</u>	<u>8,255</u>
Total Expenses	\$117,121	\$117,255
Change in Net Assets	\$(25,930)	\$ 28,502
Net Assets - Beginning	<u>249,439</u>	<u>220,937</u>
Net Assets - Ending	<u>\$223,509</u>	<u>\$249,439</u>

During 2012, one major transaction was consummated (Maple Terrace) that produced \$67,339 in program fees. This resulted in a decrease of \$49,420 from the prior year total when two transactions were concluded. Annual service and application fees decreased by \$5,401 while interest income increased by \$254.

Total expenditures were \$117,121, a rather minimal decrease of \$134 from the prior year.

Budgetary Highlights

The IDA adopts an annual operating budget and reports the results of operations on a budgetary comparison basis.

In preparing its budget, the IDA attempts to estimate its revenues using realistic, but conservative, methods so as to budget its expenditure appropriations and activities in a prudent manner. The FY 2012 budget anticipated the completion of two new transactions at estimated fees of \$120,000. Only one transaction was concluded in 2012 generating fees of \$67,339 and contributed to a revenue shortfall of \$52,759, or about 37%, from the budgeted amount. Conversely, funds budgeted in 2012 for contractual professional services were not needed; therefore, total expenditures were about 9% less than the adopted budget.

Requests for Information

This financial report is designed to provide a general overview of the IDA's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Industrial Development Agency, City Hall, 515 North Avenue, New Rochelle, New York 10801.

NEW ROCHELLE INDUSTRIAL DEVELOPMENT AGENCY

Statements of Net Assets

As of December 31,

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS		
Cash in Bank	231,477	252,867
Accounts Receivable	8,750	16,000
Prepaid Expenses	615	572
Total Current Assets	<u>240,843</u>	<u>269,439</u>
PROPERTY AND EQUIPMENT		
Office Equipment	701	701
Less: Accumulated Depreciation	<u>(701)</u>	<u>(701)</u>
Total Property and Equipment	<u>0</u>	<u>0</u>
TOTAL ASSETS	<u>240,843</u>	<u>269,439</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Deferred Revenue	2,334	5,000
Security Deposits Payable	<u>15,000</u>	<u>15,000</u>
Total Liabilities	<u>17,334</u>	<u>20,000</u>
NET ASSETS	<u>223,509</u>	<u>249,439</u>
TOTAL LIABILITIES AND NET ASSETS	<u>240,843</u>	<u>269,439</u>

See accompanying notes and auditors' report

NEW ROCHELLE INDUSTRIAL DEVELOPMENT AGENCY

Statements of Activities

For the Years Ended December 31,

	<u>2012</u>	<u>2011</u>
REVENUES		
Program Fees	67,339	116,759
Application Fees	834	4,735
Annual Service Fees	22,750	24,250
Interest Income	267	13
Total Revenues	<u>91,191</u>	<u>145,758</u>
EXPENDITURES		
Contract Services	105,000	105,000
Consulting Fees	2,200	0
Accounting and Legal Fees	4,000	4,000
Advertising and Marketing	374	3,327
Office Supplies, Printing and Postage	1,265	1,625
Membership, Dues and Subscriptions	1,179	1,179
Meetings, Conferences and Seminars	816	0
Insurance	2,287	2,124
Total Expenditures	<u>117,121</u>	<u>117,255</u>
Increase (Decrease) in Net Assets	(25,930)	28,502
Net Assets - Beginning of Year	<u>249,439</u>	<u>220,937</u>
Net Assets - End of Year	<u>223,509</u>	<u>249,439</u>

See accompanying notes and auditors' report

NEW ROCHELLE INDUSTRIAL DEVELOPMENT AGENCY

Statements of Cash Flows

For the Years Ended December 31,

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities		
Change in Net Assets	(25,930)	28,502
Adjustments to reconcile net assets to net cash provided (used) by operating activities:		
Decrease (Increase) in operating assets:		
Accounts Receivable	7,250	(16,000)
Prepaid Expenses	(44)	25
Increase (Decrease) in operating liabilities:		
Accounts Payable and Accrued Expenses	0	(265)
Deferred Revenue	<u>(2,666)</u>	<u>5,000</u>
Net cash provided (used) by operating activities	(21,390)	17,262
Increase (Decrease) in Cash and Cash Equivalents	(21,390)	17,262
Cash and Cash Equivalents at Beginning of Year	<u>252,867</u>	<u>235,605</u>
Cash and Cash Equivalents at End of Year	<u>231,477</u>	<u>252,867</u>

Supplemental Disclosures:

N/A

See accompanying notes and auditors' report

NEW ROCHELLE INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements

December 31, 2012 and 2011

Note 1

Nature of Activities

New Rochelle Industrial Development Agency (IDA) was created in 1977 by the New York State Legislature to promote the economic welfare, recreation opportunities and prosperity of the City of New Rochelle's inhabitants. Although members of the IDA are appointed by the City Council, the IDA members have complete responsibility for management of the Agency and accountability for all fiscal matters. Accordingly, the IDA, although established by the City of New Rochelle, is a separate entity and operates independently of the City of New Rochelle. The IDA is exempt from Federal, State and local income taxes.

Note 2

Summary of Significant Accounting Policies

Basis of Accounting

The IDA complies with generally accepted accounting principles (GAAP). GAAP incorporates all relevant governmental accounting standards board (GASB) pronouncements including GASB No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments". The financial statements of the IDA are prepared on the accrual basis applicable for fund accounting which most accurately reflect their activities. All revenues are recognized when earned and expenses are recorded at the time liabilities are incurred. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups.

Accordingly, all financial transactions for the IDA have been recorded and reported in the general operating fund.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NEW ROCHELLE INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements

December 31, 2012 and 2011

Note 2 **Summary of Significant Accounting Policies - continued**

Cash and Cash Equivalents

For purposes of the statements of cash flows, the IDA considers all highly liquid debt instruments, purchased with a maturity of three months or less, to be cash equivalents.

Contributions

Amounts that are promised that are intended for specific programs, but not yet received, are reported as receivables.

Equipment

Depreciation of equipment is recorded utilizing the straight-line method over the estimated useful lives of the assets.

Donated Materials and Services

The IDA records the value of donated goods or services when received. Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. No amounts have been reflected in the statements for donated services at December 31, 2012 and 2011.

Grants

Amounts that are earned, but not yet received are reported as receivables. Amounts received, but not yet earned are reported as deferred revenue.

Note 3 **Concentration of Credit Risk**

In accordance with NYS General Municipal Law Section 10.3, the aforementioned amounts in excess of the F.D.I.C. limits have been secured through a collateralized deposit agreement with the appropriate financial institutions.

Note 4 **Investments**

At December 31, 2010, the IDA maintained short term investments with initial maturities of three months. The short term investments were liquidated in 2011.

NEW ROCHELLE INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements

December 31, 2012 and 2011

Note 5

Industrial Bond and Note Transactions

Certain industrial development revenue bonds and notes issued by the IDA are secured by property which is leased to companies and the bonds are retired by lease payments. The bonds and notes are obligations of the IDA but are payable solely out of lease payments or the real property which is the subject thereof. All lease payments are paid to a trustee for disbursement to lenders. The IDA does not record the assets or liabilities resulting from completed bond and note issues in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond and note holders, and funds arising therefrom are controlled by trustees or banks acting as fiscal agents. The IDA received fees in the amount of \$90,924 and \$145,745 for providing this service for the year ended December 31, 2012 and 2011, respectively.

Note 6

Contingencies

The IDA had been named as a defendant in a civil suit started many years ago which related to one (1) of its secured leased properties. The case was finally settled during 2012.

Note 7

Subsequent Events

Management has evaluated subsequent events through February 28, 2013, the date at which the financial statements became available for issuance. No events have occurred that would require adjustments to, or disclosure in, the financial statements.

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

**To the Board
NEW ROCHELLE INDUSTRIAL DEVELOPMENT AGENCY**

We have audited the financial statements of New Rochelle Industrial Development Agency as of and for the years ended December 31, 2012 and 2011 and have issued our report thereon dated February 28, 2013, which contained an unqualified opinion on those financial statements. Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of budget with actual operating amounts and comparative schedule of actual operating amounts are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has not been subjected to the auditing procedures applied in our audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



BLOOM AND STREIT LLP
Certified Public Accountants
February 28, 2013

NEW ROCHELLE INDUSTRIAL DEVELOPMENT AGENCY

Schedule of Budget with Actual Operating Amounts

	Original Budget Year Ended <u>Dec. 31, 2012</u> (Unaudited)	Final Budget Year Ended <u>Dec. 31, 2012</u> (Unaudited)	Actual Year Ended <u>Dec. 31, 2012</u>	Variance Favorable (Unfavorable)
REVENUES				
Program Fees	120,000	120,000	67,339	(52,661)
Appropriation of Fund Balance	(15,850)	(15,850)	0	15,850
Application Fees	3,900	3,900	834	(3,066)
Annual Service Fees	20,000	20,000	22,750	2,750
Interest Income	50	50	267	217
Total Revenues	<u>128,100</u>	<u>128,100</u>	<u>91,191</u>	<u>(36,909)</u>
 EXPENDITURES				
Contract Services	105,000	105,000	105,000	0
Consulting Fees	4,000	4,000	2,200	1,800
Accounting and Legal Fees	7,000	7,000	4,000	3,000
Advertising and Marketing	4,000	4,000	374	3,626
Office Supplies, Printing and Postage	3,100	3,100	1,265	1,835
Membership, Dues and Subscriptions	1,500	1,500	1,179	321
Meetings, Conferences and Seminars	1,000	1,000	816	184
Insurance	2,500	2,500	2,287	213
Total Expenditures	<u>128,100</u>	<u>128,100</u>	<u>117,121</u>	<u>10,979</u>
Increase (Decrease) in Net Assets	<u>0</u>	<u>0</u>	<u>(25,930)</u>	<u>(25,930)</u>

See auditors' report on supplementary information

NEW ROCHELLE INDUSTRIAL DEVELOPMENT AGENCY

Comparative Schedule of Actual Operating Amounts

	Actual Year Ended <u>Dec. 31, 2012</u>	Actual Year Ended <u>Dec. 31, 2011</u>
REVENUES		
Program Fees	67,339	116,759
Application Fees	834	4,735
Annual Service Fees	22,750	24,250
Interest Income	267	13
Total Revenues	<u>91,191</u>	<u>145,758</u>
EXPENDITURES		
Contract Services	105,000	105,000
Consulting Fees	2,200	0
Accounting and Legal Fees	4,000	4,000
Advertising and Marketing	374	3,327
Office Supplies, Printing and Postage	1,265	1,625
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Meetings, Conferences and Seminars	816	0
Insurance	2,287	2,124
Total Expenditures	<u>117,121</u>	<u>117,255</u>
Increase(Decrease) in Net Assets	<u>(25,930)</u>	<u>28,502</u>

See auditors' report on supplementary information