

COUNTY OF ROCKLAND
INDUSTRIAL DEVELOPMENT AGENCY

INDEPENDENT AUDIT REPORT

DECEMBER 31, 2013



Korn Rosenbaum LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S 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 Member of the County of Rockland
Industrial Development Agency
Pearl River, New York

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 County of Rockland Industrial Development Agency (a component unit of the County of Rockland), which comprise the statement of net position as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 21, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Rockland Industrial Development Agency'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Rockland Industrial Development Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 County of Rockland Industrial Development Agency'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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads 'Korn Rosenbaum LLP'. The signature is written in a cursive, flowing style.

Korn Rosenbaum LLP
Pomona, NY
March 21, 2014



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
County of Rockland Industrial Development Agency
Pearl River, New York

We have audited the accompanying financial statements of County of Rockland Industrial Development Agency (a component unit of the County of Rockland), which comprise the statement of financial position as of December 31, 2013 and December 31, 2012, and the related statements of activities, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from County of Rockland Industrial Development Agency's 2012 financial statements and, in our report dated March 15, 2013, we expressed an unqualified opinion on those 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 of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 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 auditor's 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 and 7 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. In addition, the supplementary information presented on page 13 is required by the New York State Authority Budget Office. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of County of Rockland Industrial Development Agency as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2014, on our consideration of County of Rockland Industrial Development Agency'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 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 County of Rockland Industrial Development Agency's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads 'Korn Rosenbaum LLP'. The signature is written in a cursive, flowing style.

Korn Rosenbaum LLP
Pomona, NY
March 21, 2014

COUNTY OF ROCKLAND INDUSTRIAL DEVELOPMENT CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

The following Management's Discussion and Analysis (MD&A) of the County of Rockland Industrial Development Corporation's (the CORIDA's) financial statements provides an overview of the CORIDA's financial activities for the years ended December 31, 2013 and 2012. The MD&A should be read in conjunction with the CORIDA's financial statements and related notes, which follow the MD&A.

The purpose of the CORIDA is to provide financial assistance to small job creating businesses that demonstrate a need for financing which cannot be met entirely from conventional financing sources.

FINANCIAL HIGHLIGHTS

- The CORIDA's net assets increased by \$1,374,337 in 2013 and by \$198,520 in 2012 as the results of the individual years' operations.
- The assets of the CORIDA exceeded its liabilities by \$1,663,586 and \$289,249 at December 31, 2013 and 2012, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

The statements of net assets and the statements of revenues, expenses, and changes in net assets report information about the CORIDA as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting. Revenue and expenses are recorded when earned and incurred, respectively, regardless of when cash is received or paid.

These two statements report the CORIDA's net assets and changes in them from one year to the next. The CORIDA's net assets, the difference between assets and liabilities, are one way to measure the CORIDA's financial health, or financial position. Over time, increases or decreases in the CORIDA's net assets are one indicator of whether its financial health is improving or deteriorating. Consideration should also be given to other factors, such as changes in the CORIDA's income and the fluctuation of the CORIDA's expenses, to assess the overall health of the CORIDA.

NOTES TO FINANCIAL STATEMENTS

The financial statements also include the notes to the financial statements, which explain certain information in the financial statements. They are essential to a full understanding of the information provided in the financial statements.

OTHER INFORMATION FOR 2013

- Total revenues increased by \$1,255,592 from 2012 as the result of project fees.
- Total expenses increased by \$79,775 mainly due to a full year of the Executive Director's salary and due to increased professional fees as the result of major projects during the year.

REQUEST FOR INFORMATION

This financial report is designed to provide financial statement users with a general overview of the CORIDA's finances and to show the accountability for the money received. If you have questions about this report or need additional financial information, contact the County of Rockland Industrial Development Corporation's Executive Director at 2 Blue Hill Plaza, Third Floor, Pearl River, New York, 10965.

COUNTY OF ROCKLAND
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF NET POSITION
AS OF DECEMBER 31.

	<u>2013</u>	<u>2012</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and Equivalents	\$ 1,662,317	\$ 290,446
Prepaid Expenses	<u>1,269</u>	<u>-</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,663,586</u>	<u>\$ 290,446</u>
 <u>LIABILITIES</u>		
Accrued Expenses	\$ -	\$ 1,197
<u>TOTAL LIABILITIES</u>	\$ -	\$ 1,197
 <u>NET POSITION</u>		
Unrestricted	<u>1,663,586</u>	<u>289,249</u>
<u>TOTAL LIABILITIES AND NET POSITION</u>	<u>\$ 1,663,586</u>	<u>\$ 290,446</u>

See accompanying notes.

COUNTY OF ROCKLAND
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,

	<u>2013</u>	<u>2012</u>
<u>CHANGES IN UNRESTRICTED NET ASSETS:</u>		
<u>REVENUES AND GAINS</u>		
Administrative Fees	\$ 50,910	\$ 247,475
Agency Fees	1,233,433	-
Application Fees	83,760	5,000
Closing Fees	223,646	76,922
Investment Income	782	433
Other Income	19,283	26,392
<u>TOTAL UNRESTRICTED REVENUES AND GAINS</u>	<u>\$ 1,611,814</u>	<u>\$ 356,222</u>
<u>EXPENSES</u>		
Salaries	\$ 112,702	\$ 76,996
Payroll Taxes	7,846	6,037
Other Fringe Benefits	7,974	6,141
Advertising	1,200	3,700
Administrative Support	38,000	33,658
Insurance	4,787	4,349
Pension	11,000	7,050
Meetings/Conference Expenses	11,299	3,137
Office Supplies/Payroll Service Fees	3,718	3,936
Other Administrative Expenses	750	750
Information Technology	4,167	-
Professional Services	32,291	11,342
Legal Notices/Legal Fees	1,743	606
<u>TOTAL EXPENSES</u>	<u>\$ 237,477</u>	<u>\$ 157,702</u>
<u>INCREASE (DECREASE) IN UNRESTRICTED NET POSITION</u>	<u>\$ 1,374,337</u>	<u>\$ 198,520</u>
Unrestricted Net Position - Beginning of Year	289,249	90,729
Unrestricted Net Position - End of Year	<u>\$ 1,663,586</u>	<u>\$ 289,249</u>

See accompanying notes.

COUNTY OF ROCKLAND
INDUSTRIAL DEVELOPMENT AGENCY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	<u>2013</u>	<u>2012</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Increase (Decrease) in Net Assets - Unrestricted	\$ 1,374,337	\$ 198,520
Adjustments to Reconcile Excess Revenues over Expenditures to Net Cash Provided by Operating Activities:		
(Increase) in Prepaid Expenses	(1,270)	-
(Decrease) in Accrued Expenses	(1,197)	(2,103)
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>\$ 1,371,870</u>	<u>\$ 196,417</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
<u>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</u>	<u>\$ -</u>	<u>\$ -</u>
<u>NET (DECREASE) INCREASE IN CASH</u>	<u>\$ 1,371,870</u>	<u>\$ 196,417</u>
CASH - BEGINNING OF YEAR	<u>290,446</u>	<u>94,029</u>
CASH - END OF YEAR	<u>\$ 1,662,316</u>	<u>\$ 290,446</u>
 <u>SUPPLEMENTAL CASH FLOW INFORMATION:</u>		
Cash Paid for Interest	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

COUNTY OF ROCKLAND
INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The books of the County of Rockland Industrial Development Agency (IDA) are maintained on the accrual basis of accounting. Using this method, revenues are recognized when earned and expenses are recognized when incurred.

NOTE B INDUSTRIAL DEVELOPMENT AGENCY BONDS

Certain industrial development revenue bonds and notes issued by the Industrial Development Agency are secured property which is leased to companies and is retired by lease payments. The bonds and notes which are special purpose non-recourse moral obligation bonds, and are not obligations of the County or the State. Furthermore, they are non-recourse as to the Agency. The bondholders and Mortgagees' sole recourse in a default is against the underlying project. The Agency does not record assets or liabilities, resulting from completed bond and note issues in its accounts as 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 trustees and fiscal agents. For providing this service, the Agency receives administrative fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and notes.

NOTE C ORGANIZATION

The Agency was created in 1981 by the Legislature of Rockland County under the provision of Chapter 24, Article 18A and Section 925-1 of the 1969 Laws of New York State for the purpose of encouraging economic growth in the County of Rockland. The Agency, considered a component unit of the County of Rockland, is a separate entity and operates independently of the County of Rockland.

COUNTY OF ROCKLAND
INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

NOTE D INVESTMENTS

The agency's investment policies are governed by State statutes. In addition, the Agency has its own written investment policy. Agency monies must be deposited in FDIC insured commercial banks or trust companies located within the State. The Agency is authorized to use demand accounts and certificates of deposits. Permissible investments include obligations of the U.S. Treasury, and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposit at (105%) of all deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its Agencies and obligations of the State and its municipalities and school districts.

The IDA's cash accounts are fully insured and/or collateralized as required by its investment policy.

NOTE E EMPLOYEE BENEFIT PLANS

The County of Rockland Industrial Development Agency also participates in the New York State and Local Employees' Retirement System. This is a cost sharing multiple public employee retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody of control of their funds. The system issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, New York 12244.

Schedules of Supplemental Information

