City of Peekskill Facilities Development Corporation

Financial Statements

Years Ended December 31, 2015 and 2014

City of Peekskill Facilities Development Corporation

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PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Peekskill Facilities Development Corporation ("FDC") as of and for the years ended December 31, 2015 and 2014 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.

PKF O'CONNOR DAVIES, LLP
500 Mamaroneck Avenue, Harrison, NY 10528 I Tel: 914.381.8900 I Fax: 914.381.8910 I www.pkfod.com

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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, 2015 and 2014, and the respective 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the financial statements. Such information, although not a part of the 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 24, 2016 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.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated February 24, 2016 on our consideration of the FDC's compliance with Section 2925(3)(f) of the New York State Public Authorities Law ("Law"). The purpose of that report is to describe the scope and results of our tests of compliance with the Law.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Harrison, New York
February 24, 2016

Compliance and Accountability

The Entity shall be known as the City of 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 Board for action and/or adoption.

Financial Highlights

Change in Net Position

The change in net position remained constant at $65 in 2015 as compared to the 2014. There was a decrease in both operating revenues and expense of $74,980 due to the decrease in activity for the ongoing Main Street Grant Program.

Liquidity

Cash and cash equivalents increased by $391 in 2015 which was primarily due to funds received in advance of grant expenditures being incurred. These funds are anticipated to be expended in the ensuing year.

City of Peekskill Facilities Development Corporation

Statements of Net Position
December 31,

	2015	2014
ASSETS		
Cash and equivalents	$ 86,554	$ 86,163
LIABILITIES AND NET POSITION		
Liabilities		
Unearned revenue	$ 14,916	$ 14,590
Net position		
Unrestricted	71,638	71,573
Total Liabilities and Net Position	$ 86,554	$ 86,163

See notes to financial statements

City of Peekskill Facilities Development Corporation

Statements of Activities
Years Ended December 31,

	2015	2014
OPERATING REVENUE		
Grant income	$ 168,270	$ 243,250
OPERATING EXPENSES		
Grant expenses	168,270	243,250
Income from Operations	-	-
NON-OPERATING REVENUES		
Interest income	65	65
Change in Net Position	65	65
NET POSITION		
Beginning of Year	71,573	71,508
End of Year	$ 71,638	$ 71,573

See notes to financial statements

City of Peekskill Facilities Development Corporation

Statements of Cash Flows
Years Ended December 31,

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants	$ 168,596	$ 257,840
Cash paid for grant expenses	(168,270)	(243,250)
Net Cash from Operating Activities	326	14,590
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	65	65
Net Change in Cash and Equivalents	391	14,655
CASH AND EQUIVALENTS		
Beginning of Year	86,163	71,508
End of Year	$ 86,554	$ 86,163
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH FROM OPERATING ACTIVITIES		
Income from operations	$ -	$ -
Changes in liabilities		
Unearned revenue	326	14,590
Net Cash From Operating Activities	$ 326	$ 14,590

See notes to financial statements

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 accounting policies of the FDC conform to generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The FDC 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

Cash and Equivalents - Cash and 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.

Custodial credit risk is the risk that in the event of a bank failure, the FDC's deposits may not be returned to it. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the FDC's name. The FDC's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at December 31, 2015.

Unearned Revenues - Unearned revenues consist of amounts received in advance and/or revenue from grants received before the eligibility requirements have been met. The FDC has reported unearned revenues of $14,916 and $14,590 as of December 31, 2015 and 2014, respectively for grant funds received in advance of actual expenditures being incurred.

Net Position - Net position represents the difference between asset and liabilities. Net position is reported as restricted when there are limitations imposed on its 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

C. Use of Estimates

The preparation of the 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 disclosures 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 these 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 February 24, 2016.

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PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

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, 2015, and the related notes to the financial statements, which collectively comprise the FDC's financial statements, and have issued our report thereon dated February 24, 2016.

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.

PKF O'CONNOR DAVIES, LLP
500 Mamaroneck Avenue, Harrison, NY 10528 | Tel: 914.381.8900 | Fax: 914.381.8910 | www.pkfod.com

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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.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP
Harrison, New York
February 24, 2016

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Accountants' Report on Compliance with Section 2925(3)(f) 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)(f) 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, 2015. 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, 2015.

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.

PKF O'Connor Davies, LLP

PKF O'Connor Dobbins, LLP
Harrison, New York
February 24, 2016

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