

**NEW ROCHELLE INDUSTRIAL
DEVELOPMENT AGENCY
(A COMPONENT UNIT OF
THE CITY OF NEW ROCHELLE)
FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

NEW ROCHELLE INDUSTRIAL DEVELOPMENT AGENCY

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DECEMBER 31, 2011 AND 2010

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BLOOM AND STREIT LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of net assets of New Rochelle Industrial Development Agency as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011 and 2010, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

BLOOM AND STREIT LLP
Certified Public Accountants
March 23, 2012

**New Rochelle, New York Industrial Development Agency
Management's Discussion and Analysis (MD&A)
December 31, 2011**

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, 2011. 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 2011

- The net assets (assets minus liabilities) of the IDA for fiscal year 2011 were \$249,439. This represents an increase of \$28,502 over the prior year.
- Total revenues for fiscal year 2011 were \$145,758, an increase of \$62,736, or 76%, over the prior year.
- Total expenses for fiscal year 2011 were \$117,255, an increase of \$1,974, or 2%, over 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 \$249,439 for fiscal year 2011.

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

	<u>2011</u>	<u>2010</u>
Current Assets	\$ 269,439	\$ 236,202
Capital Assets	<u>0</u>	<u>0</u>
Total Assets	\$ 269,439	\$ 236,202
Current Liabilities	\$ 20,000	\$ 15,265
Long-term Liabilities	<u>0</u>	<u>0</u>
Total Liabilities	\$ 20,000	\$ 15,265
Net Assets - Unrestricted	<u>\$ 249,439</u>	<u>\$ 220,937</u>

The increase in net assets over the prior year is a result of fiscal year 2011 activities, where operating revenues exceeded expenses by \$28,502. All of these assets are unrestricted and are available for future spending.

New Rochelle IDA Changes in Net Assets

	<u>2011</u>	<u>2010</u>
Revenues:		
Charges for Services	\$145,745	\$ 82,843
Interest and Misc. Income	<u>13</u>	<u>179</u>
Total Revenues	\$145,758	\$ 83,022
Expenditures:		
Contract/Consulting Services	\$109,000	\$109,000
Other	<u>8,255</u>	<u>6,281</u>
Total Expenses	\$117,255	\$115,281
Change in Net Assets	\$ 28,502	\$(32,259)
Net Assets – Beginning	<u>220,937</u>	<u>253,196</u>
Net Assets - Ending	<u>\$249,439</u>	<u>\$220,937</u>

During 2011, two major transactions were consummated (the Burling Lane and Hartley Homes Redevelopment projects) that produced \$116,759 in program fees. This resulted in an increase of \$59,866 over the prior year total when only one transaction was concluded. Annual service and application fees increased by \$3,035 while interest income declined by \$166.

Total expenditures were \$117,255, a rather minimal increase of \$1,974, or 2%, over 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 2011 budget anticipated the completion of two new transactions at estimated fees of \$130,000. The two transactions that were concluded in 2011 generated fees of \$116,759 and contributed to a revenue shortfall of \$11,542, or about 7%, from the budgeted amount. Conversely, funds budgeted in 2011 for contractual professional services were not needed; therefore, total expenditures were about 12% 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>2011</u>	<u>2010</u>
ASSETS		
CURRENT ASSETS		
Cash in Bank	252,867	23,380
Short-Term Investments	0	212,225
Accounts Receivable	16,000	0
Prepaid Expenses	572	596
Total Current Assets	<u>269,439</u>	<u>236,201</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>269,439</u>	<u>236,201</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	0	265
Deferred Revenue	5,000	0
Security Deposits Payable	<u>15,000</u>	<u>15,000</u>
Total Liabilities	<u>20,000</u>	<u>15,265</u>
NET ASSETS	<u>249,439</u>	<u>220,937</u>
TOTAL LIABILITIES AND NET ASSETS	<u>269,439</u>	<u>236,201</u>

See accompanying notes and auditors' report

NEW ROCHELLE INDUSTRIAL DEVELOPMENT AGENCY

Statements of Activities

For the Years Ended December 31,

	<u>2011</u>	<u>2010</u>
REVENUES		
Program Fees	116,759	56,893
Application Fees	4,735	3,200
Annual Service Fees	24,250	22,750
Interest Income	13	179
Total Revenues	<u>145,758</u>	<u>83,022</u>
EXPENDITURES		
Contract Services	105,000	105,000
Accounting and Legal Fees	4,000	4,000
Advertising and Marketing	3,327	1,911
Office Supplies, Printing and Postage	1,625	955
Membership, Dues and Subscriptions	1,179	1,169
Insurance	2,124	2,246
Total Expenditures	<u>117,255</u>	<u>115,281</u>
Increase (Decrease) in Net Assets	28,502	(32,259)
Net Assets - Beginning of Year	<u>220,937</u>	<u>253,196</u>
Net Assets - End of Year	<u>249,439</u>	<u>220,937</u>

See accompanying notes and auditors' report

NEW ROCHELLE INDUSTRIAL DEVELOPMENT AGENCY

Statements of Cash Flows

For the Years Ended December 31,

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities		
Change in Net Assets	28,502	(32,259)
Adjustments to reconcile net assets to net cash provided (used) by operating activities:		
Decrease (Increase) in operating assets:		
Accounts Receivable	(16,000)	1,500
Prepaid Expenses	25	8
Increase (Decrease) in operating liabilities:		
Accounts Payable and Accrued Expenses	(265)	265
Deferred Revenue	<u>5,000</u>	<u>0</u>
Net cash provided (used) by operating activities	17,262	(30,486)
Increase (Decrease) in Cash and Cash Equivalents	17,262	(30,486)
Cash and Cash Equivalents at Beginning of Year	<u>235,605</u>	<u>266,091</u>
Cash and Cash Equivalents at End of Year	<u><u>252,867</u></u>	<u><u>235,605</u></u>

Supplemental Disclosures:

N/A

See accompanying notes and auditors' report

NEW ROCHELLE INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements

December 31, 2011 and 2010

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, 2011 and 2010

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.

Property and Equipment consists of the following at December 31, 2011:

	<u>2011</u>	<u>2010</u>
Equipment	701	701
Less: Accumulated Depreciation	<u>701</u>	<u>701</u>
Net Book Value:	<u>- 0 -</u>	<u>- 0 -</u>

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, 2011 and 2010.

Grants

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

NEW ROCHELLE INDUSTRIAL DEVELOPMENT AGENCY

Notes to Financial Statements

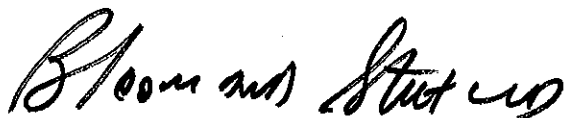
December 31, 2011 and 2010

- Note 3** **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 \$145,745 for providing this service for the year ended December 31, 2011.
- Note 4** **Investments**
At December 31, 2010, the IDA maintained short term investments with initial maturities of three months or less totaling \$212,225. The short term investments were liquidated in 2011.
- Note 5** **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 6** **Contingencies**
The IDA is currently named as a defendant in a civil suit related to one (1) of its secured leased properties. The IDA believes that this issue will be resolved without any material obligations on the part of the IDA.
- Note 7** **Subsequent Events**
Management has evaluated subsequent events through March 23, 2012 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 of Trustees
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, 2011 and 2010 and have issued our report thereon dated March 26, 2012, 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
March 23, 2012**

NEW ROCHELLE INDUSTRIAL DEVELOPMENT AGENCY

Schedule of Budget with Actual Operating Amounts

	Original Budget Year Ended <u>Dec. 31, 2011</u> (Unaudited)	Final Budget Year Ended <u>Dec. 31, 2011</u> (Unaudited)	Actual Year Ended <u>Dec. 31, 2011</u>	Variance Favorable (Unfavorable)
REVENUES				
Program Fees	130,000	130,000	116,759	(13,241)
Appropriation of Fund Balance	(23,700)	(23,700)	0	23,700
Application Fees	4,300	4,300	4,735	435
Annual Service Fees	22,000	22,000	24,250	2,250
Interest Income	1,000	1,000	13	(987)
Total Revenues	<u>133,600</u>	<u>133,600</u>	<u>145,758</u>	<u>12,158</u>
EXPENDITURES				
Contract Services	105,000	105,000	105,000	0
Consulting Fees	9,500	9,500	0	9,500
Accounting and Legal Fees	7,000	7,000	4,000	3,000
Advertising and Marketing	4,000	4,000	3,327	673
Office Supplies, Printing and Postage	3,100	3,100	1,625	1,475
Membership, Dues and Subscriptions	1,500	1,500	1,179	321
Meetings, Conferences and Seminars	1,000	1,000	0	1,000
Insurance	2,500	2,500	2,124	376
Total Expenditures	<u>133,600</u>	<u>133,600</u>	<u>117,255</u>	<u>16,345</u>
Increase (Decrease) in Net Assets	<u>0</u>	<u>0</u>	<u>28,502</u>	<u>28,502</u>

See auditors' report on supplementary information

NEW ROCHELLE INDUSTRIAL DEVELOPMENT AGENCY

Comparative Schedule of Actual Operating Amounts

	<u>Actual Year Ended Dec. 31, 2011</u>	<u>Actual Year Ended Dec. 31, 2010</u>
REVENUES		
Program Fees	116,759	56,893
Application Fees	4,735	3,200
Annual Service Fees	24,250	22,750
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See auditors' report on supplementary information