

**FRANKLIN COUNTY  
CIVIC DEVELOPMENT CORPORATION  
A COMPONENT UNIT OF FRANKLIN COUNTY, NEW YORK**

**BASIC FINANCIAL STATEMENTS**

**December 31, 2011**

**Douglas S. Wood, C.P.A., P.C.  
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Franklin County Civic Development Corporation  
A Component Unit of Franklin County, New York  
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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Franklin County Civic Development Corporation  
A Component Unit of Franklin County, New York

We have audited the accompanying statement of net assets of the Franklin County Civic Development Corporation, a component unit of Franklin County, New York as of December 31, 2011, and the related statements of revenue, expenses and changes in net assets, and cash flows for the year ended December 31, 2011. These financial statements are the responsibility of the Franklin County Civic Development Corporation, a component unit of Franklin County, New York's management. 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 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 the Franklin County Civic Development Corporation, a component unit of Franklin County, New York as of December 31, 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2012 on our consideration of the Franklin County Civic Development Corporation, a component unit of Franklin County, New York's, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreement, 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* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3 through 5 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. This supplementary information is the responsibility of the Franklin County Civic Development Corporation's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the 2011 supplementary information. However, we did not audit the information and do not express an opinion on it.

Douglas S. Wood, C.P.A., P.C.

March 23, 2012

Franklin County Civic Development Corporation  
A Component Unit of Franklin County, New York  
**Management's Discussion and Analysis (MD&A)**  
December 31, 2011

**Introduction**

Our discussion and analysis of the Franklin County Civic Development Corporation's financial performance provides an overview of the Corporation's financial activities for the year ended December 31, 2011. It should be read in conjunction with the basic financial statements to enhance understanding of the Corporation's financial performance, which immediately follows this section.

**Financial Highlights**

The Franklin County Civic Development Corporation had one transaction in 2011 - the issuance of \$10 million in bank qualified and designated bonds to Paul Smiths College. The purpose of this was to construct a new 95 bed residence hall, and to install energy conversation systems.

The CDC has held discussions throughout 2011 with various medical, research and educational institutions concerning financing their projects with CDC bonds. Awareness of CDC bonding capability exists, and a number of projects are being considered throughout the county.

**Summary Information**

The Corporation is a corporation as defined in subparagraph (a)(5) of Section 102 of the NPC Law and is a local development corporation as the same is described in Section 1411 of the NPC Law.

The purpose for which the Corporation is formed are: for the exclusively charitable or public purposes of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, instructing or training individuals to improve or develop their capabilities for such jobs, and carrying on scientific research for the purpose of aiding the County of Franklin, New York (the "County") by attracting new industry to the County and by encouraging the development of, or retention of, industries in the County, thereby increasing economic activity in the County, lessening the burdens of government, and acting in the public interest.

Franklin County Civic Development Corporation  
A Component Unit of Franklin County, New York  
**Management's Discussion and Analysis (MD&A) (Cont'd)**  
December 31, 2011

The Corporation may do other acts or things incidental to or connected with the foregoing purposes or in advancement thereof, but not for the pecuniary profit or financial gain of its members, directors or officers, except as permitted under Article 5 and 14 of the NPC Law and Article 8 of the Public Authorities Law.

The Franklin County Civic Development Corporation is a public benefit corporation functioning under legislation passed by the State of New York; its volunteer Board members are appointed by the Franklin County Board of Supervisors. The Franklin County Civic Development Corporation functions much like a municipality with competitive bidding laws, prevailing wage rates and financial safeguards required.

**Financial Statements**

Financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles put forth by the *Governmental Accounting Standards Board* (GASB). Revenues are recognized when earned, not received. Expenses are recognized when incurred, not when they are paid.

Franklin County Civic Development Corporation  
A Component Unit of Franklin County, New York  
**Management's Discussion and Analysis (MD&A)** (Cont'd)  
December 31, 2011

NET ASSETS consist of the following:

ASSETS	
Current assets	\$ 18,881
TOTAL ASSETS	<u>18,881</u>
LIABILITIES	
Current	\$
Long-term	_____
TOTAL LIABILITIES	_____
NET ASSETS	
Unrestricted	<u>18,881</u>
TOTAL NET ASSETS	<u>18,881</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 18,881</u>

SUMMARY OF OPERATIONS AND CHANGES IN NET ASSETS

Operating revenues	\$ 100,000
Interest	<u>57</u>
Total Revenues	100,057
Operating expenses	( 1,076)
IDA grant	<u>( 75,000)</u>
Net asset increase	<u>\$ 23,981</u>

Franklin County Civic Development Corporation  
A Component Unit of Franklin County, New York  
**STATEMENTS OF NET ASSETS**  
December 31, 2011

	<u>2011</u>
ASSETS	
CURRENT ASSETS	
Cash and equivalents	\$ 18,881
CAPITAL ASSETS	
Land	
Other capital assets, net of depreciation	<u>                    </u>
TOTAL ASSETS	<u>\$ 18,881</u>
LIABILITIES	
CURRENT	
Accounts payable	\$
Accrued liabilities	
Due other governments	<u>                    </u>
TOTAL LIABILITIES	<u>                    </u>
NET ASSETS	
Unrestricted	<u>18,881</u>
TOTAL NET ASSETS	<u>18,881</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 18,881</u>



Franklin County Civic Development Corporation  
A Component Unit of Franklin County, New York  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
For the Years Ended December 31, 2011

	<u>2011</u>
<b>REVENUES</b>	
Use of money	\$ 57
Miscellaneous fees	<u>100,000</u>
	<u>100,057</u>
<b>EXPENSES</b>	
Professional	1,044
Office	32
Grant IDA	<u>75,000</u>
	<u>76,076</u>
<b>NET INCREASE (DECREASE)</b>	23,981
<b>NET ASSETS BEGINNING</b>	<u>( 5,100)</u>
<b>NET ASSETS ENDING</b>	<u>\$ 18,881</u>

Franklin County Civic Development Corporation  
A Component Unit of Franklin County, New York  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31, 2011

	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net income (loss)	\$ <u>23,981</u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>23,981</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of fixed assets	
Proceeds from sale of fixed assets	<u>                    </u>
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>                    </u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Short term borrowings (repayment)	( 10,000)
Long term borrowings	<u>                    </u>
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<u>( 10,000)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	13,981
<b>CASH AT BEGINNING OF YEAR</b>	<u>4,900</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 18,881</u>

Franklin County Civic Development Corporation  
A Component Unit of Franklin County, New York  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Franklin County Civic Development Corporation have been prepared in conformity with generally accepted accounting principles (GAAP). Significant accounting policies are:

ORGANIZATION AND PURPOSE

The Corporation was created on June 23, 2010 by the Franklin County Board of Legislators under the provisions of Chapter 18A encouraging economic growth in Franklin County, New York. The Corporation is exempt from federal, state and local income taxes. The Corporation, although established by the Franklin County Board of Legislators, is a separate entity and operates independently of Franklin County.

Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates.

Property, Plant and Equipment

Buildings, land, furniture and fixtures are recorded at cost if purchased or constructed; or at fair market value on the date of gift, if donated. Depreciation is recognized on the straight-line basis over the estimated useful life of the assets. In all cases, costs of major renewals and improvements are capitalized as incurred. Maintenance and repair costs are charged to expense.

Donated Assets and Services

The estimated fair value of the full use of facilities owned by others and the estimated fair value of contributed services over which the Corporation exercises control, which constitute a part of the normal services that would otherwise be performed by paid personnel, have not been reflected in the accompanying financial statements. Also, the value of other donated services (board members, etc.) is not reflected in the accompanying financial statements.

Investments

The Corporation's investment policies are governed by state statutes. Corporation monies are required to be deposited in FDIC insured commercial banks or trust companies located within the state. The Corporation is authorized to use demand accounts and certificates of deposit.

Collateral is required for demand deposits and certificates of deposit 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.

Franklin County Civic Development Corporation  
A Component Unit of Franklin County, New York  
**Notes to Financial Statements (Cont'd)**  
December 31, 2011

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Corporation considers all short-term debt securities purchased with maturity of three months or less as cash equivalents. There were no such items at the beginning of the year or the end of the year.

Bad Debts

Bad debts are recognized by the corporation in the year they are determined worthless.

NOTE B – CASH AND CONCENTRATION OF CREDIT RISK

As of December 31, 2011 all bank accounts were entirely insured or collateralized in the corporation's name.

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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**

To the Board of Directors  
Franklin County Civic Development Corporation  
A Component Unit of Franklin County, New York

We have audited the financial statements of the governmental activities and each major fund information of Franklin County Civic Development Corporation, a component unit of Franklin County, New York, as of and for the year ended December 31, 2011, which collectively comprise Franklin County Civic Development Corporation's basic financial statements and have issued our report thereon dated March 23, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Franklin County Civic Development Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Franklin County Civic Development Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Franklin County Civic Development Corporation's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Franklin County Civic Development Corporation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Franklin County Civic Development Corporation's financial statements that is more than inconsequential

will not be prevented or detected by Franklin County Civic Development Corporation's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Franklin County Civic Development Corporation's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We noted no deficiencies required to be reported in accordance with *Government Auditing Standards*.

#### Compliance and Other Matters

As part of obtaining, reasonable assurance about whether Franklin County Civic Development Corporation's financial statements are free of 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*.

This report is intended solely for the information and use of management, others within the entity, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Douglas S. Wood, C.P.A., P.C.  
March 23, 2012