

GENESEE COUNTY FUNDING CORPORATION
FINANCIAL STATEMENTS
DECEMBER 31, 2011
with INDEPENDENT AUDITORS' REPORT

GENESEE COUNTY FUNDING CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Genesee County Funding Corporation
Batavia, New York

We have audited the accompanying statement of net assets of the Genesee County Funding Corporation (the "GCFC"), as of December 31, 2011, and the related statements of revenues, expenses, and changes in fund net assets and cash flows for the year then ended. These basic financial statements are the responsibility of GCFC'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 basic financial statements referred to above, present fairly, in all material respects, the financial position of the GCFC, as of December 31, 2011, and the changes in its fund net assets and the cash flows for the year 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 29, 2012, on our consideration of the GCFC'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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information on Pages 3 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, and 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 method 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.

Gruba, Jureifel & Scott, LLP

Oneonta, New York
March 29, 2012

Genesee County Funding Corporation Management's Discussion and Analysis Year Ended December 31, 2011

This section of the Genesee County Funding Corporation's (the GCFC) annual financial report presents our discussion and analysis of the GCFC's financial performance during the fiscal year that ended on December 31, 2011 and should be read in conjunction with the financial statements and accompanying notes.

Overview of the Financial Statements

This annual financial report is made of two parts: first management's discussion and analysis and secondly, the basic financial statements. The GCFC was established by Genesee County in 2009 as a New York State Corporation organized under New York State Not-for-Profit Corporation Law. The GCFC's mission is to assist local economic development efforts by serving in a conduit financing capacity enabling the issuance of taxable and non-taxable debt to benefit the growth, expansion, on-going operations and continued viability of non-profit business enterprises in Genesee County. Genesee County is the sole member of the corporation.

The GCFC follows enterprise fund reporting. These statements are presented in a manner similar to a private business.

Financial Analysis of the GCFC

In 2011, the GCFC has no activity.

In 2010, the GCFC issued two revenue bonds to the Genesee Gateway Local Development Corporation (the GGLDC) totaling \$3,900,000 to benefit the Med Tech Centre project. This project entailed the construction of a 43,000 sq. ft. building located in the Upstate Med & Tech Park that was completed in the summer of 2010. A 1% fee of \$39,000 was collected from the GGLDC in relation to the financial assistance provided. Pursuant to a Management and Administrative Services Agreement between the Genesee County Economic Development Center (the GCEDC) and the GCFC, the fee was remitted to the GCEDC as consideration for services received.

Contacting GCFC's Financial Management

This financial report is designed to provide the public with a general overview of the GCFC's finances and to demonstrate accountability for the resources at its disposal. If you have any questions about this report or need additional financial information, contact the Chief Financial Officer of the GCFC located at the Dr. Bruce A. Holm Upstate MedTech Centre, 99 MedTech Dr., Suite 106, Batavia, NY 14020.

GENESEE COUNTY FUNDING CORPORATION

STATEMENT OF NET ASSETS
December 31, 2011

ASSETS

Current assets:

Cash \$ 0

Total assets 0

NET ASSETS

Net assets:

Unrestricted 0

Total net assets \$ 0

See accompanying notes.

GENESEE COUNTY FUNDING CORPORATION

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
Year Ended December 31, 2011

OPERATING REVENUES:		
Project fees	\$	0
Total operating revenues		<u>0</u>
OPERATING EXPENSES:		
Professional fees		<u>0</u>
Total operating expenses		<u>0</u>
Change in net assets		0
Net assets - beginning of period		<u>0</u>
Net assets - end of period	\$	<u><u>0</u></u>

See accompanying notes.

GENESEE COUNTY FUNDING CORPORATION

STATEMENT OF CASH FLOWS
Year Ended December 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES:

Project fees	\$	0
Professional fees		<u>0</u>
Net cash provided by operating activities		<u>0</u>

Net increase in cash and cash equivalents 0

Cash and cash equivalents - beginning of year 0

Cash and cash equivalents - end of year \$ 0

**RECONCILIATION OF NET OPERATING REVENUE TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:**

Net operating revenue	\$	<u>0</u>
Total adjustments		<u>0</u>

Net cash provided by operating activities \$ 0

See accompanying notes.

GENESEE COUNTY FUNDING CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity - The Genesee County Funding Corporation (the GCFC) is a New York State Corporation organized under New York State Not-for-Profit Corporation Law and is located in Batavia, New York. The GCFC issues bonds providing tax-exempt financing for projects undertaken by not-for-profit corporations such as schools, hospitals, and senior homes. Genesee County is the sole member of the corporation.

Basis of Accounting - The GCFC's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America.

Revenue Recognition - The GCFC maintains its books and prepares its financial statements on the accrual basis of accounting whereby revenue is recognized as it is earned and expenses are recorded as they are incurred.

Income Tax - The GCFC is a quasi-governmental organization. The GCFC is not subject to federal or state income taxes, nor is it required to file federal or state income tax returns, therefore, no provision for income taxes is reflected in these financial statements.

Subsequent Events - These financial statements have not been updated for subsequent events occurring after March 29, 2012 which is the date these financial statements were available to be issued.

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**INDEPENDENT AUDITORS' 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
Genesee County Funding Corporation
Batavia, New York

We have audited the financial statements of Genesee County Funding Corporation (the "GCFC"), as of and for the year ended December 31, 2011, and have issued our report thereon dated March 29, 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 the GCFC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the GCFC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the GCFC's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material weakness of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the GCFC'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 that are required to be reported under *Government Auditing Standards*.

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

Gruva, Zircifel & Scott, LLP

Oneonta, New York
March 29, 2012