

**LIVINGSTON COUNTY CAPITAL  
RESOURCE CORPORATION**

**Financial Statements as of  
December 31, 2011 and 2010  
Together with  
Independent Auditors' Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

# LIVINGSTON COUNTY CAPITAL RESOURCE CORPORATION

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## INDEPENDENT AUDITORS' REPORT

September 20, 2012

To the Board of  
Livingston County Capital Resource Corporation:

We have audited the accompanying financial statements of the business-type activities of the Livingston County Capital Resource Corporation (the Corporation), as of and for the year and period ended December 31, 2011 and 2010, which collectively comprise the Corporation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide 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 business-type activities of the Corporation as of December 31, 2011 and 2010, and the respective changes in net assets, and cash flows, for the year and period then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2012, on our consideration of the Corporation'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* and should be considered in assessing the results of our audit.

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## **INDEPENDENT AUDITORS' REPORT**

(Continued)

Accounting principles generally accepted in the United States require that the management's discussion and analysis on page 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, 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, 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.

# **LIVINGSTON COUNTY CAPITAL RESOURCE CORPORATION**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

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This section of the Livingston County Capital Resource Corporation (the Corporation) annual financial report presents our discussion and analysis of the Corporation's financial performance during the fiscal years that ended on December 31, 2011 and 2010 and should be read in conjunction with the financial statements and accompanying notes.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The statement of net assets, the statement of revenue, expenses, and change in net assets and statement of cash flows report information about the Corporation as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses would be accounted for regardless of when cash is received or paid.

These two statements report the Corporation's net assets and changes in them from one year to the next. The Corporation's net assets, the difference between assets and liabilities, are one way to measure the Corporation's financial health, or financial position. Over time, increases or decreases in the Corporation's net assets are one indicator of whether its financial health is improving or deteriorating.

Additionally, the statement of cash flows provides information about the Corporation's cash receipts, cash disbursements, and net changes in cash resulting from operating, financing and investing activities.

### **FINANCIAL ANALYSIS OF THE FINANCIAL STATEMENTS**

The Corporation was established in 2010 as a local development corporation.

In 2011, the Corporation had no activity.

In 2010 the Corporation issued one revenue bond to Community Integrated Services, Inc. totaling \$4,000,000 to benefit the relocation of various programs of the ARC of Livingston -Wyoming County. A fee of \$50,000 was charged to Community Integrated Services in relation to the financial assistance provided. The fee was earned by the Corporation, however, in accordance with the Management and Administrative Services Agreement between the Corporation and the IDA, was assigned directly to the IDA to cover the costs incurred in establishing the Corporation, managing the bond transaction, and to assist with other economic opportunities within the County.

### **NOTES TO FINANCIAL STATEMENTS**

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

### **CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT**

The financial report is designed to provide the public with a general overview of the Corporation'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 IDA at Livingston County Government Center, 6 Court Street, Geneseo, New York 14454.

**LIVINGSTON COUNTY CAPITAL RESOURCE CORPORATION**

**STATEMENTS OF NET ASSETS  
DECEMBER 31, 2011 AND 2010**

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	<u>2011</u>	<u>2010</u>
ASSETS - CASH	\$ <u>          -</u>	\$ <u>          -</u>
LIABILITIES	<u>          -</u>	<u>          -</u>
NET ASSETS	<u>\$ <u>          -</u></u>	<u>\$ <u>          -</u></u>

The accompanying notes are an integral part of these statements.

**LIVINGSTON COUNTY CAPITAL RESOURCE CORPORATION**

**STATEMENTS OF REVENUE, EXPENSES, AND CHANGE IN NET ASSETS  
 FOR THE YEAR ENDED DECEMBER 31, 2011 AND THE PERIOD FROM INCEPTION  
 (SEPTEMBER 14, 2010) THROUGH DECEMBER 31, 2010**

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	<u>2011</u>	<u>2010</u>
REVENUES - fee income	\$ 50,000	\$ -
EXPENSES - IDA fee	(50,000)	-
CHANGE IN NET ASSETS	-	-
NET ASSETS - beginning of period	-	-
NET ASSETS - end of year	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

**LIVINGSTON COUNTY CAPITAL RESOURCE CORPORATION**

**STATEMENTS OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2011 AND THE PERIOD FROM INCEPTION  
(SEPTEMBER 14, 2010) THROUGH DECEMBER 31, 2010**

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	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES	\$ _____ -	\$ _____ -
NET CHANGE IN CASH	-	-
CASH - beginning of period	_____ -	_____ -
CASH - end of year	<u>\$ _____ -</u>	<u>\$ _____ -</u>

The accompanying notes are an integral part of these statements.



# LIVINGSTON COUNTY CAPITAL RESOURCE CORPORATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011 AND 2010

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### 1. THE CORPORATION

The Livingston County Capital Resource Corporation (The Corporation) is a local development corporation of the State of New York authorized under Section 201 of the Not-for-Profit Corporation Law. The Corporation was created through a Local Law enacted in 2010 by the Livingston County Board of Supervisors. The Corporation's operating certificate was granted by the New York State Department of State on September 14, 2010. The Board consists of seven members, all appointed by the Livingston County Board of Supervisors. They serve at the pleasure of the board.

The Corporation's mission is to create and retain employment opportunities for the residents of Livingston County and generate tax revenues to support government services. This mission is accomplished through the issuance of tax exempt and taxable civic facility revenue bonds for certain economic development projects. Through the fulfillment of the Corporation's mission, the Corporation expects to deliver employment, health and general prosperity, economic welfare and needed services for the residents of Livingston County.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Accounting**

The Corporation's financial statements are prepared in conformity with accounting principles generally accepted in the United States as set forth by the Governmental Accounting Standards Board for proprietary funds. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent they do not conflict or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private sector guidance for their business type activities and enterprise funds. The Corporation has elected not to follow subsequent private sector guidance.

#### **Related Party**

The Corporation is related through common management with the Livingston County Industrial Development Agency (IDA), which also promotes economic development in the County. Annually, employees of the IDA provide certain administrative and management services to the Corporation. In addition, the IDA provides the use of facilities to the Corporation. The costs of these services are covered by the IDA and are not reflected in the accompanying financial statements, unless a project closes. At that time, any fee income earned is assigned directly to the IDA to cover these services provided by the IDA.

In 2010, the Corporation recognized fee income of \$50,000 for facilitating the issuance of tax-exempt bonds which was wired directly to the IDA.

#### **Income Taxes**

The Corporation is a not-for-profit public benefit corporation and is exempt from income taxes under the Internal Revenue Code.

### **3. INDUSTRIAL DEVELOPMENT BONDS**

The Corporation issues tax-exempt or taxable bonds to provide financial assistance to private-sector or non-profit entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the borrowing entity served by the bond issuance. The Corporation is not obligated in any manner for repayment of the bonds. Accordingly, neither the related property nor the bonds are reported as assets or liabilities in the accompanying financial statements.

As of December 31, 2011 and 2010, there was one (1) series of Revenue Bonds outstanding with an approximate aggregate amount payable of \$3.6 million and \$4.0 million, respectively

**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**

September 20, 2012

To the Board of  
Livingston County Capital Resource Corporation:

We have audited the financial statements of the business-type activities of Livingston County Capital Resource Corporation (the Corporation), as of and for the year ended December 31, 2011, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated September 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States 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**

Management of the Corporation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Corporation'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 Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 misstatement 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 previously.

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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***

(Continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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, the Board, and others within the Corporation and is not intended to be and should not be used by anyone other than these specified parties.