

**WAYNE COUNTY CIVIC FACILITY
DEVELOPMENT CORPORATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2011

WAYNE COUNTY CIVIC FACILITY DEVELOPMENT CORPORATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Wayne County Civic Facility Development Corporation
Lyons, New York

We have audited the accompanying statement of financial position of Wayne County Civic Facility Development Corporation as of December 31, 2011, and the related statement of activities and cash flows for the period from inception May 20, 2011 to December 31, 2011. These financial statements are the responsibility of Wayne County Civic Facility Development Corporation'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 Wayne County Civic Facility Development Corporation as of December 31, 2011, and the changes in its net assets and its cash flows for the initial period 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 28, 2012, on our consideration of Wayne County Civic Facility Development 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 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The management's discussion and analysis on pages 2 through 5 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

EFP Rotenberg, LLP

EFP Rotenberg, LLP
Rochester, New York
March 28, 2012

WAYNE COUNTY CIVIC FACILITY DEVELOPMENT CORPORATION
Management's Discussion and Analysis
December 31, 2011

As management of the Wayne County Civic Facility Development Corporation (the "Corporation") we offer readers of the Corporation's financial statements this narrative overview and analysis of the financial activities of the Corporation for the initial period of May 20, 2011 to December 31, 2011. This narrative should be read in conjunction with the Corporation's separately issued and audited financial statements.

Significant Event

- The Corporation was formed on May 20, 2011 for the purpose of supporting the operation of not-for-profit corporations and institutions in Wayne County to increase employment opportunities for its residents. The Corporation will serve as Wayne County's designated economic development entity on behalf of issuers of bonds, notes and other instruments to support projects undertaken by not-for-profit corporations and institutions within the County.

Financial Highlights

- The Corporation completed its first transaction in 2011: A \$19,775,000 Civic Facilities Revenue Bond was issued for the expansion/modernization and renovation of certain departments of the Newark-Wayne Hospital in Newark, New York.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Corporation's basic financial statements. This report includes the independent auditor's report, financial statements, notes to financial statements, and other supplemental information that will enhance the reader's understanding of the financial condition of the Corporation.

Required Financial Statements - The financial statements are prepared using the accrual basis of accounting. The financial statements include:

Statement of Financial Position - Presents all assets, liabilities and net assets of the Agency at December 31, 2011. The statements provide information about the amounts and investments in resources (assets) and the obligations to creditors (liabilities).

Statement of Activities - Presents the financial activity for the initial period of May 20, 2011 to December 31, 2011 and displays how this activity changed the Corporation's net assets. The statements provide information on the Corporation's operations and can be used to determine if the Corporation has recovered all of its costs through grants, user fees and other charges.

Statement of Cash Flows - Presents the cash provided and used in operations, investments and financing activities during 2011 and how it affects the cash balance at December 31, 2011.

Notes to Financial Statements - Provide information regarding the Corporation and explain in more detail information included in the financial statements.

Financial Analysis

The results of the Corporation's initial period of operation follows. The Corporation's net assets may serve over time as a useful indicator of its financial position. In the case of the Corporation, assets exceeded liabilities by \$197,920.

WAYNE COUNTY CIVIC FACILITY DEVELOPMENT CORPORATION
Management's Discussion and Analysis
December 31, 2011

The Corporation's major asset is its cash. A condensed version of the Corporation's statement of financial position follows:

Table 1
Condensed Statements of Financial Position
(In Thousands of Dollars)

	<u>2011</u>
Assets	
Cash	\$ 196.7
Other assets	<u>1.2</u>
Total assets	<u>197.9</u>
Liabilities	
Accounts payable	-
Deposits	<u>-</u>
Total liabilities	<u>-</u>
Net Assets	
Net assets - unrestricted	197.9
Net assets - restricted	<u>-</u>
Total net assets	<u>\$ 197.9</u>

- Cash and unrestricted net assets increased as a result of the increase in net assets for the initial period of operations.

WAYNE COUNTY CIVIC FACILITY DEVELOPMENT CORPORATION
Management's Discussion and Analysis
December 31, 2011

A condensed version of the Corporation's statement of revenues, expenses and changes in net assets follows:

Table 2
Condensed Statements of Revenues,
Expenses and Changes in Net Assets
(In Thousands of Dollars)

	<u>2011</u>
Revenues	
Agency fees	\$ 197.7
Administrative fees	<u>0.5</u>
Total revenues	<u>198.2</u>
Expenses	
Insurance expense	0.2
Miscellaneous expense	<u>0.1</u>
Total expenses	<u>0.3</u>
Change in Net Assets	197.9
Beginning Net Assets	<u>-</u>
Ending Net Assets	\$ <u>197.9</u>

- Fee income represents the fee collected as issuer of the bond for the Newark-Wayne Hospital.

WAYNE COUNTY CIVIC FACILITY DEVELOPMENT CORPORATION
Management's Discussion and Analysis
December 31, 2011

Another important factor in the consideration of fiscal condition is the Agency's cash position and statement of cash flows. A condensed version of the Corporation's statements of cash flows follows:

Table 3
Condensed Statements of Cash Flows
(In Thousands of Dollars)

	<u>2011</u>
Cash Flow from Operating Activities	
Change in net assets	\$ 197.9
Change in prepaid expenses	<u>(1.2)</u>
Net change in cash	<u>196.7</u>
Beginning Cash	<u>-</u>
Ending Cash	<u>\$ 196.7</u>

- Cash increased as a result of the increase in net assets for the initial period of operation.

Capital Assets

The Corporation has no capital assets.

Long-Term Debt

The Corporation has no long-term debt.

Contacting the Corporation

This financial report is designed to provide a general overview of the Corporation's finances for interested individuals. Questions regarding this report or requests for additional information should be directed to Wayne County Civic Facility Development Corporation, 16 William Street, Lyons, New York 14489, Attention: Executive Director.

WAYNE COUNTY CIVIC FACILITY DEVELOPMENT CORPORATION
Statement of Financial Position
December 31, 2011

ASSETS

Current Assets

Cash	\$ 196,717
Prepaid expense	<u>1,203</u>
Total current assets	<u>197,920</u>

Total Assets	\$ <u>197,920</u>
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NET ASSETS

Net Assets - Unrestricted	\$ <u>197,920</u>
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The accompanying notes are an integral part of these financial statements.

WAYNE COUNTY CIVIC FACILITY DEVELOPMENT CORPORATION
Statement of Activities
For the Initial Period of May 20, 2011 to December 31, 2011

Revenues	
Agency fees	\$ 197,750
Administrative fees	<u>500</u>
Total revenues	<u>198,250</u>
Expenses	
Insurance expense	241
Miscellaneous expense	<u>89</u>
Total expenses	<u>330</u>
Change in Net Assets	197,920
Net Assets - Beginning	<u>-</u>
Net Assets - Ending	<u>\$ 197,920</u>

The accompanying notes are an integral part of these financial statements.

WAYNE COUNTY CIVIC FACILITY DEVELOPMENT CORPORATION
Statement of Cash Flows
For the Year Ended December 31, 2011

Cash Flows from Operating Activities	
Change in net assets	\$ 197,920
Change in assets and liabilities	
Prepaid insurance	<u>(1,203)</u>
Net Change in Cash	196,717
Cash - Beginning	<u>-</u>
Cash - Ending	<u>\$ 196,717</u>

The accompanying notes are an integral part of these financial statements.

WAYNE COUNTY CIVIC FACILITY DEVELOPMENT CORPORATION
Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies and Nature of Organization

Nature of Organization - The Wayne County Civic Facility Development Corporation (the Corporation) was incorporated on May 20, 2011 for the purpose of supporting the operation of not-for-profit corporations and institutions in Wayne County to increase employment opportunities for its residents. The Corporation will serve as Wayne County's designated economic development entity on behalf of issuers of bonds, notes and other instruments to support projects undertaken by not-for-profit corporations and institutions within the County.

Measurement Focus and Basis of Accounting - The accounts of Wayne County Civic Facility Development Corporation are maintained on the accrual basis of accounting.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Basis of Presentation - The Corporation prepares its financial statements in accordance with Accounting Standards Codification (ASC) 958-205, Financial Statements of Not-for-Profit Organizations. Under ASC 958-205, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. At December 31, 2011, the Corporation did not have any temporarily restricted net assets or permanently restricted net assets.

Cash and Cash Equivalents - For the purposes of the statement of net assets and statement of cash flows, cash and cash equivalents include deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less. At December 31, 2011, there were no cash equivalents. The Company maintains cash and cash equivalents at financial institutions which periodically may exceed insured limits.

Income Taxes - The Corporation is a non-profit corporation and was incorporated under Section 1411 of the Not-For-Profit Corporation Law. The Corporation is treated for federal tax purposes as an entity exempt from tax under Section 115 of the Internal Revenue Code and is an "instrumentality of government."

Subsequent Events - In accordance with ASC 855-10, the Corporation evaluated subsequent events through March 28, 2012, the date these financial statements were available to be issued.

Note 2. Industrial Revenue Bonds

The Corporation has entered into the following conduit financing arrangements where the primary function of the Corporation is to arrange financing through the issuance of Industrial Revenue Bonds between the companies identified below and the bond holders. As conduit financing arrangements, the assets and liabilities resulting from the transactions are not recorded in these financial statements.

Although not part of the accounting system, New York State statute requires disclosure of these transactions listing all bonds as follows:

<u>Company</u>	<u>Date of Issuance</u>	<u>Date of Maturity</u>	<u>Outstanding End of Year</u>
Newark-Wayne Community Hospital - Series 2011A	2011	2041	\$ 10,925,000
Newark-Wayne Community Hospital - Series 2011B	2011	2015	3,545,000
Newark-Wayne Community Hospital - Series 2011C	2011	2021	<u>5,305,000</u>
Total			<u>\$ 19,775,000</u>



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
Wayne County Civic Facility Development Corporation
Lyons, New York

We have audited the financial statements of Wayne County Civic Facility Development Corporation, as of and for the year ended December 31, 2011, and have issued our report thereon dated March 28, 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 Wayne County Civic Facility Development 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 Wayne County Civic Facility Development Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Wayne County Civic Facility Development 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 the 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 the 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 Wayne County Civic Facility 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 the Board of Directors, management, 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.

EFP Rotenberg, LLP

EFP Rotenberg, LLP
Rochester, New York
March 28, 2012