

GENESEE COUNTY FUNDING CORPORATION

FINANCIAL STATEMENTS
with
INDEPENDENT AUDITORS' REPORT

December 31, 2010

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, 2010, 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, 2010, 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 April 13, 2011, 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 information on Pages 3 – 13 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.

Gruber, Jureifel & Scott, LLP

Oneonta, New York
April 13, 2011

Genesee County Funding Corporation Management's Discussion and Analysis Year Ended December 31, 2010

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, 2010 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

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.

Comparative information is not included in this discussion and analysis. 2010 is the first year of activity for this corporation, with only one transaction occurring during the year.

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, 2010

ASSETS

Current assets:

Cash \$ _____ -

Total assets _____ -

NET ASSETS

Net assets:

Unrestricted _____ -

Total net assets \$ _____ -

GENESEE COUNTY FUNDING CORPORATION

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
Year Ended December 31, 2010

OPERATING REVENUES:

Project fees	\$	<u>39,000</u>
Total operating revenues		39,000

OPERATING EXPENSES:

Professional fees		<u>39,000</u>
Total operating expenses		<u>39,000</u>

Change in net assets -

Net assets - beginning of period -

Net assets - end of period \$ -

GENESEE COUNTY FUNDING CORPORATION

STATEMENT OF CASH FLOWS
Year Ended December 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:

Project fees	\$	39,000
Professional fees		<u>(39,000)</u>
Net cash provided by operating activities		<u>-</u>

Net increase in cash and cash equivalents

-

Cash and cash equivalents - beginning of year

-

Cash and cash equivalents - end of year

\$ -

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

Net operating revenue	\$	<u>-</u>
Total adjustments		<u>-</u>
Net cash provided by operating activities	\$	<u><u>-</u></u>

GENESEE COUNTY FUNDING CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Genesee County Funding Corporation (the GCFC) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the GCFC's accounting policies are described below.

Financial Reporting Entity - 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'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 not-for-profit business enterprises in Genesee County. Genesee County is the sole member of the corporation.

Measurement Focus And Basis Of Accounting - The financial statements of the GCFC are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the GCFC gives or receives value without directly receiving or giving equal value in exchange, include grants. Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the GCFC has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, including those issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

Basis Of Presentation - The GCFC's basic financial statements consist of three statements that provide information about the GCFC's activities. The first statement is the statement of net assets which lists all of the GCFC's assets and liabilities, with the difference reported as net assets. The second statement is the statement of revenues, expenses and changes in net assets which details how the GCFC's net assets changed during the current year based on the reporting of the revenues and expenses recognized by the GCFC. The third statement is the statement of cash flows which reports the activities that provide or use the cash and cash equivalents of the GCFC.

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 not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, therefore no provision for income taxes has been provided for in the financial statements. The GCFC is no longer subject to Federal or New York State tax examinations for years prior to 2007.

Statement Of Cash Flows - For the purposes of the statement of cash flows the GCFC considers cash to be all unrestricted and restricted cash accounts including demand accounts.

GENESEE COUNTY FUNDING CORPORATION

NOTES TO FINANCIAL STATEMENTS

Use Of Estimates In Preparation Of Financial Statements - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. This affects the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenditures during the reporting periods. Actual results could differ from those estimates.

Component Unit - Management has evaluated the provisions of Government Accounting Standards Board Statement No. 61 - *The Financial Reporting Entity* and has determined they are not a component unit of the Genesee County Industrial Development Agency D/B/A Genesee County Economic Development Center (the GCEDC).

Subsequent Events - These financial statements have not been updated for subsequent events occurring after April 13, 2011 which is the date these financial statements were available to be issued.

NOTE 2 – REVENUE BONDS

During the year ended December 31, 2010, the GCFC issued two revenue bonds to the Genesee Gateway Local Development Corporation totaling \$3,900,000 to benefit the Med Tech Centre Project. A tax-exempt revenue bond was issued in the amount of \$2,821,905 and a taxable revenue bond was issued in the amount of \$1,078,095.

NOTE 3 – PROJECT FEES

A 1% fee was collected from the Genesee Gateway Local Development Corporation, attributable to the GCFC providing financial assistance (See Note 2). 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.

NOTE 4 – RELATED PARTY TRANSACTIONS

The GCFC has related party transactions with the Genesee County Industrial Development Agency D/B/A Genesee County Economic Development Center (GCEDC), and the Genesee Gateway Local Development Corporation (GGLDC).

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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, 2010, and have issued our report thereon dated April 13, 2011. 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, Jureifel & Scott, LLP

Oneonta, New York
April 13, 2011