

**LIVINGSTON COUNTY CAPITAL
RESOURCE CORPORATION**

**Financial Statements as of
December 31, 2017 and 2016
Together with
Independent Auditors' Report**

Bonadio & Co., LLP
Certified Public Accountants

LIVINGSTON COUNTY CAPITAL RESOURCE CORPORATION

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INDEPENDENT AUDITOR'S REPORT

March 20, 2018

To the Board of
Livingston County Capital Resource Corporation:

Report on the Financial Statements

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 ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2017, and the changes in its financial position, and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of the Livingston County Capital Resource Corporation as of December 31, 2016, were audited by other auditors whose report dated March 23, 2017, expressed an unmodified opinion on those statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America 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 of America, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2018, 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 solely 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 effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

LIVINGSTON COUNTY CAPITAL RESOURCE CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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, 2017 and 2016 and should be read in conjunction with the financial statements and accompanying notes.

OVERVIEW OF THE FINANCIAL STATEMENTS

The statement of net position and the statement of revenue, expenses, and change in net position 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 position and changes in net position from one year to the next. The Corporation's net position, 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 position 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 2017 and 2016, the Corporation had no activity.

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 Livingston County Capital Resource Corporation at Livingston County Government Center, 6 Court Street, Geneseo, New York 14454.

LIVINGSTON COUNTY CAPITAL RESOURCE CORPORATION

**STATEMENTS OF NET POSITION
DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
ASSETS	\$ -	\$ -
LIABILITIES	-	-
NET POSITION	<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 POSITION
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
REVENUES	\$ <u> -</u>	\$ <u> -</u>
EXPENSES	<u> -</u>	<u> -</u>
CHANGE IN NET POSITION	-	-
NET POSITION - beginning of year	<u> -</u>	<u> -</u>
NET POSITION - end of year	<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 CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES	\$ <u> -</u>	\$ <u> -</u>
NET CHANGE IN CASH	-	-
CASH - beginning of year	<u> -</u>	<u> -</u>
CASH - end of year	<u><u> -</u></u>	<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, 2017 AND 2016

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.

Estimates

The preparation of financial statements in accordance 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 disclosures 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.

Related Party

The Corporation is related through common management and Board of Directors membership with the Livingston County Industrial Development Agency (IDA) and the Livingston County Development Corporation (LCDC), which also promote economic development in the County. Annually, employees assigned to work on 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. As a result of the Board appointments by the County, the Corporation would be considered a blended component unit of the County. However, due to the fact that there is no activity, the inclusion within the County has been determined to be unnecessary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Corporation is a not-for-profit public benefit corporation and is exempt from income taxes under the New York State Article 14 as a local development corporation. Accordingly, no provisions for taxes have been made.

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, the 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, 2017 and 2016, there was one (1) series of revenue bonds outstanding with an approximate aggregate amount payable of \$2.8 million and \$2.9 million, respectively.

INDEPENDENT AUDITOR'S 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

March 20, 2018

To the Board of
Livingston County Capital Resource Corporation:

We have audited, 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, the financial statements of the Livingston County Capital Resource Corporation (the Corporation), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated March 20, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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INDEPENDENT AUDITOR'S 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 from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.