

**HAMILTON COUNTY LOCAL DEVELOPMENT CORPORATION**

**REGULATORY BASIS FINANCIAL STATEMENTS**

**and**

**REPORT OF INDEPENDENT CERTIFIED  
PUBLIC ACCOUNTANTS**

**For the Year Ended December 31, 2010**

Richard H. Dinolfo  
Certified Public Accountant  
Queensbury, New York

**HAMILTON COUNTY LOCAL DEVELOPMENT CORPORATION**

**REGULATORY BASIS FINANCIAL STATEMENTS  
and  
REPORT OF INDEPENDENT CERTIFIED  
PUBLIC ACCOUNTANTS**

**For the Year Ended December 31, 2010**

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**Richard H. Dinolfo**  
Certified Public Accountant

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15 Willow Road  
Queensbury, New York 12804-1240  
518-793-9331  
518-798-0904 FAX  
rdinolfo@gmail.com

## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

President and Members of the Board of Directors  
Hamilton County Local Development Corporation  
Lake Pleasant, New York

We have audited the accompanying regulatory basis financial statements of the Hamilton County Local Development Corporation (Corporation) as of and for the year ended December 31, 2010. These regulatory basis financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these regulatory basis financial statements based on our audit.

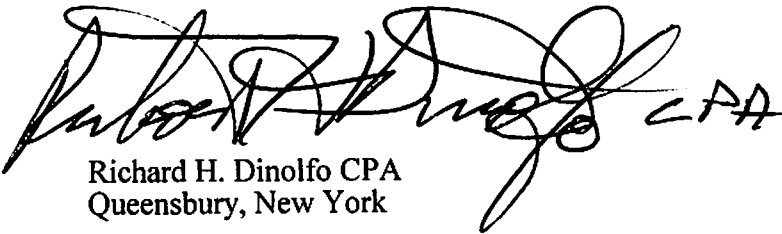
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the regulatory basis financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the regulatory basis financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall regulatory basis financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As more fully described in Note A to the regulatory basis financial statements, the Corporation prepared these financial statements using regulatory accounting and reporting practices prescribed by the Office of the State Comptroller of the State of New York for submitting annual financial reports to that office and to the Authority Budget Office of the State of New York. This regulatory basis of presentation is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the regulatory basis of accounting and accounting principles generally accepted in the United States of America, although not readily determinable, are presumed to be material.

In our opinion, the regulatory basis financial statements referred to above present fairly, in all material respects, the financial position of the Hamilton County Local Development Corporation as of December 31, 2010, and the results of its operations for the year then ended, on the basis of accounting described in Note A.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2011 on our consideration of the Hamilton County Local 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 internal control over financial reporting and 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.

As there are differences between financial statements prepared in accordance with accounting principles generally accepted in the United States of America, and financial statements prepared in accordance with the regulatory accounting and reporting practices prescribed by the Office of the State Comptroller of the State of New York, this report should not be used by anyone not understanding those differences. Accordingly, this report is intended solely for the information and use of the governing board and management of the Hamilton County Local Development Corporation, and for filing with the Office of the State Comptroller and the Authority Budget Office of the State of New York, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Richard H. Dinolfo CPA". The signature is stylized and cursive, with the letters "CPA" written in a more formal, blocky font at the end of the signature.

Richard H. Dinolfo CPA  
Queensbury, New York

March 27, 2011

**HAMILTON COUNTY LOCAL DEVELOPMENT CORPORATION**

**BALANCE SHEET**  
**December 31, 2010**

**ASSETS**

Cash and cash equivalents \$ 7,549

**Total assets** **\$ 7,549**

**NET ASSETS**

Unrestricted 7,549

**Total net assets** **7,549**

**Total liabilities and net assets** **\$ 7,549**

The accompanying Notes to Regulatory Basis Financial Statements are an integral part of these statements.

**HAMILTON COUNTY LOCAL DEVELOPMENT CORPORATION**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**Year Ended December 31, 2010**

<b>OPERATING REVENUES</b>	
Program income from loan repayments	<u>\$ -</u>
Total operating revenues	-
<b>OPERATING EXPENSES</b>	
Total operating expenses	<u>-</u>
<b>Operating income</b>	<u>-</u>
<b>OTHER REVENUES (EXPENSE)</b>	
Interest earned	<u>6</u>
Transfer grant funds to Hamilton County Industrial Development Agency	<u>(97,304)</u>
<b>Non Operating revenues (expenses)</b>	<u>(97,298)</u>
<b>CHANGE IN NET ASSETS</b>	<b>(97,298)</b>
<b>NET ASSETS, <i>beginning of year</i></b>	<u>104,847</u>
<b>NET ASSETS, <i>end of year</i></b>	<u><u>\$ 7,549</u></u>

The accompanying Notes to Regulatory Basis Financial Statements are an integral part of these statements.

**HAMILTON COUNTY LOCAL DEVELOPMENT CORPORATION**

**STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2010**

**CASH FLOWS PROVIDED (USED) BY OPERATING  
ACTIVITIES**

\$           -  
          -

**CASH FLOWS PROVIDED (USED) BY NONCAPITAL AND RELATED  
FINANCING ACTIVITIES**

Transfer of grant funds to Hamilton County Industrial Development Agency

(97,304)  
(97,304)

**CASH FLOWS PROVIDED (USED) BY INVESTING  
ACTIVITIES**

Interest earned

          6  
          6

**Net increase (decrease) in cash and cash equivalents**

**(97,298)**

**CASH AND CASH EQUIVALENTS, *beginning of year***

104,847

**CASH AND CASH EQUIVALENTS, *end of year***

\$ 7,549

**RECONCILIATION OF OPERATING INCOME TO NET  
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating income

\$           -

**Net cash provided (used) by operating activities**

\$           -

The accompanying Notes to Regulatory Basis Financial Statements are an integral part of these statements.

# HAMILTON COUNTY LOCAL DEVELOPMENT CORPORATION

## NOTES TO REGULATORY BASIS FINANCIAL STATEMENTS

Year Ended December 31, 2010

### NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Hamilton County Local Development Corporation (Corporation) is a not-for-profit corporation created in 1985 pursuant to Section 402 of the Not-for-Profit Corporation Law of the State of New York. The purpose of the Corporation is to promote and maintain job opportunities within the County of Hamilton, New York (County). Membership in the organization is open to all who are interested in and willing to assist in encouraging and promoting the objects and purposes for which the corporation is formed. The members of the Board of Directors are chosen by the membership. The officers of the corporation, consisting of the President, Vice-President, Secretary and Treasurer, are elected from and by the Board of Directors. An Executive Director is appointed by the Board of Directors and manages the regular business affairs of the Corporation.

The Office of the State Comptroller of the State of New York (OSC) has the basic responsibility to provide oversight to local governments and other applicable governmental agencies in accordance with provisions of the State Constitution and other applicable laws of the State of New York. OSC and the Authority Budget Office of the State of New York (ABO) have developed a comprehensive on-line reporting system, known as the Public Authorities Reporting Information System (PARIS), for organizations subject to the provisions of applicable laws of the State of New York to report their financial statements and other required information. Accordingly, the Corporation is required to prepare its financial statements on this regulatory basis of accounting prescribed by OSC for submitting PARIS Reports to OSC and ABO.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles that are generally accepted in the United States of America. The regulatory basis of accounting and reporting referred to above varies from accounting principles generally accepted in the United States of America primarily because it requires the use of only one fund to report both governmental and business-type activities and does not reflect the adoption of GASB Statement Nos. 34 and 38, and other applicable statements. The regulatory method is the same method used by the Corporation for fiscal years ending prior to December 31, 2010.

In preparing the regulatory basis financial statements in conformity with the accounting principles described above, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the regulatory basis financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying regulatory basis financial statements follows.

#### *1. Financial Reporting Entity*

In evaluating how to define the Corporation for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria in the regulatory basis of financial reporting prescribed by the OSC. This criteria generally includes determinations about the Board of Directors' ability to exercise oversight responsibility, the scope of public service provided by the entity, and the existence of special financing relationships. Based upon the application of these criteria, the Corporation is not considered a component unit of the County, and no other entities are considered to be component units of the Corporation.

# HAMILTON COUNTY LOCAL DEVELOPMENT CORPORATION

## NOTES TO REGULATORY BASIS FINANCIAL STATEMENTS Year Ended December 31, 2010

### 2. *Basis of Presentation, Fund Accounting*

In accordance with the regulatory basis of accounting referred to above, the Corporation uses a single fund to report its financial position and the results of its operations for both governmental and business-type activities. A fund is a separate accounting entity with a self-balancing set of accounts.

### 3. *Measurement Focus and Basis of Accounting*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus and basis of accounting. Under the regulatory basis of accounting referred to above, the Corporation's single fund is required to be accounted for using the measurement focus and basis of accounting as appropriate for proprietary funds. Similar to business enterprises, the Corporation is required to utilize a measurement focus based on the flow of economic resources for both its governmental and business-type activities. This includes the capitalization of capital assets, if any, charging depreciation expense, and recording long-term debt within the single fund, if applicable.

### 4. *Budgetary Data*

The Corporation does not adopt an annual budget for operational purposes. Most operating services are provided by the County, and Corporation personnel are employees of the County. Estimates for individual projects initially financed by federal aid are established by the Corporation on an as needed basis.

### 5. *Cash and Cash Equivalents*

Cash and cash equivalents include amounts on deposit in demand deposits and time deposits. The Corporation did not have any investments as of December 31, 2010.

### 6. *Federal Funds*

In 1997 and 1998, the Corporation was awarded federal Rural Business Enterprise Grants (RBEG) through the Rural Development office of the United State Department of Agriculture (USDA). The RBEG program funds were intended to provide a revolving loan fund to provide loans to eligible business organizations in the County. In general, the applicable federal funds and proceeds from repayment of loans initially made from the federal funds can be used to make other grants or loans to eligible recipients for authorized purposes.

The Corporation accounts for federal fund transactions in accordance with the applicable federal program requirements. Receipt of the federal funds is recorded as federal aid revenue when all eligibility requirements have been met, and payments of loans or grants to eligible recipients are recorded as expenses. In accordance with federal requirements, repayment of loan proceeds is considered program income and must be accounted for and used for similar authorized purposes. Accordingly, loans made under the federal programs are also recorded as receivables from the loan recipients, with the principal amount offset by deferred revenues. As program revenue is received from the loan repayments and recorded as revenue, the related loans receivable and deferred revenue accounts are also adjusted.

# HAMILTON COUNTY LOCAL DEVELOPMENT CORPORATION

## NOTES TO REGULATORY BASIS FINANCIAL STATEMENTS Year Ended December 31, 2010

### NOTE B - CASH

The Corporation's cash balances consisted of amounts on deposit in demand deposits and time deposits. The Corporation's cash balances at December 31, 2010 were fully covered by the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000 per depositor, per bank.

### NOTE C - RECEIVABLES

All outstanding loan receivables were collected as of December 31, 2010.

### NOTE D - CAPITAL ASSETS

Through the year ended December 31, 2010, the Corporation has not acquired any capital assets for use in its governmental or business-type activities. Office space, minor equipment items, and certain other resources are provided to the Corporation by the County. Accordingly, no capital assets are shown in the financial statements.

### NOTE E - DEBT

As of December 31, 2010, the Corporation had no outstanding debt.

### NOTE F - COMMITMENTS AND CONTINGENCIES

#### *1. Grants*

The RBEG grants received by the Corporation are subject to audit by certain federal agencies. Such audits could result in disallowances and a request for return of funds. The Corporation administration believes disallowances, if any, will be immaterial.

#### *2. Assignment of Grant Funds*

During 2010, the Corporation received approval from USDA to assign responsibility for administering the remaining balance of the RBDG funds to the Hamilton County Industrial Development Agency (IDA). Accordingly, in May 2010 the Corporation transferred \$97,304 to the IDA and closed out its grant bank account. The transfer to the IDA is reported in the financial statements as a non-operating expense.

**Richard H. Dinolfo**  
Certified Public Accountant

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15 Willow Road  
Queensbury, New York 12804-1240  
518-793-9331  
518-798-0904 FAX  
rdinolfo@gmail.com

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
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***

President and Members of the Board of Directors  
Hamilton County Local Development Corporation  
Lake Pleasant, New York

We have audited the regulatory basis financial statements of the Hamilton County Local Development Corporation as of and for the year ended December 31, 2010, and have issued our report thereon dated March 27, 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 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 as reported in PARIS, 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.

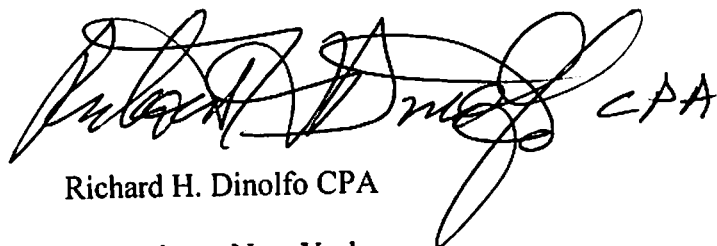
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material 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 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 for the information of the President and Members of the Board of Directors, the Executive Director and others within the Corporation, and for filing with the Office of the State Comptroller and the Authority Budget Office of the State of New York, and is not intended to be and should not be used by anyone other than these specified parties

A handwritten signature in black ink, appearing to read "Richard H. Dinolfo CPA". The signature is highly stylized and cursive, with the letters "R", "H", and "D" being particularly prominent and overlapping. The "CPA" is written in a simpler, more legible font at the end of the signature.

Richard H. Dinolfo CPA

Queensbury, New York  
March 27, 2011