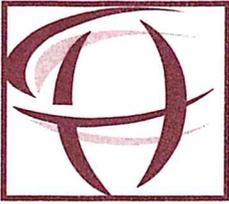


**FRANKLIN COUNTY
CIVIC DEVELOPMENT CORPORATION
(A Component Unit of Franklin County, New York)
REPORT ON
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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Employee Benefit Plan Audit Quality Center

INDEPENDENT AUDITORS' REPORT

To: The Board of Directors
Franklin County Civic Development Corporation
(A Component Unit of Franklin County, New York)
Malone, New York 12953

Report on the Financial Statements

We have audited the accompanying financial statements of the Franklin County Civic Development Corporation (the "Corporation"), a component unit of the County of Franklin, New York, as of and for the year ended December 31, 2014, 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 opinions 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.



INDEPENDENT AUDITORS' REPORT – continued

Auditor's Responsibility-continued

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Franklin County Civic Development Corporation, as of December 31, 2014, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4–6 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 6, 2015, on our consideration of the Franklin County Civic 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 or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Franklin Civic Development Corporation's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Crowley & Halloran CPAs P.C." is written over a horizontal line.

Watertown, NY
March 6, 2015

**FRANKLIN COUNTY CIVIC DEVELOPMENT CORPORATION
A COMPONENT UNIT OF FRANKLIN COUNTY, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

The following is a discussion and analysis of the Franklin County Civic Development Corporation's (CDC) financial performance for the year ended December 31, 2014. It is a summary of the Corporation's financial activities based on currently known facts, decisions, or conditions. The Corporation's financial statements and notes to the basic financial statements included in this report were prepared in accordance with GAAP (Generally Accepted Accounting Principles), applicable to governmental entities in the United States of America for General Fund types.

INTRODUCTION

Our discussion and analysis of the financial performance of the Franklin County Civic Development Corporation (CDC) provides an overview of the Corporation's financial activities for the year ended December 31, 2014. It should be read in conjunction with the Corporation's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The CDC issued bonds in 2013 to Alice Hyde Medical Center in Malone, New York. These bonds were in the amount of \$27,385,000 to finance the construction of a new nursing home and assisted living facility.
- The CDC issued bonds in 2012 to Adirondack Medical Center in Saranac Lake, New York. These bonds were in the amount of \$10,999,965 and allowed for restructuring of debt.
- The CDC issued bonds in 2011 to Paul Smith's College, New York. These bonds were in the amount of \$10,000,000 and financed the construction of a new dormitory and the installation of energy conservation systems.

These recent bond issues since the incorporation of the CDC in 2010 demonstrate the importance that Franklin County institutions place upon access to capital and local financing.

The CDC periodically sends financing information to not-for-profits and maintains a website for public access. There are no bond issues in process at this time.

Prior year data is provided for comparison.

BACKGROUND INFORMATION

The Franklin County Civic Development Corporation is a corporation as defined in subparagraph (a) (5) of Section 102 of the Not-for-Profit Law and is a local development corporation as set forth more fully in Section 1411(a) of the Not-for-Profit Laws of the State of New York. The Corporation was formed for the exclusively charitable purposes of relieving and reducing unemployment, promoting and providing for additional and maximum employment, bettering and maintaining job opportunities, instructing or training individuals to improve or develop their capabilities for such jobs, and carrying on scientific research for the purpose of aiding the County of Franklin, New York (the "County") by attracting new industry to the County and by encouraging the development of, the retention of, industries in the County, thereby increasing economic activity in the County, lessening the burdens of government, and acting in the public interest. The Corporation is considered a public authority and is subject to the rules and regulations of the New York State Public Authorities Act of 2009.

See paragraph on supplementary schedules in independent auditors' report.

FRANKLIN COUNTY CIVIC DEVELOPMENT CORPORATION
A COMPONENT UNIT OF FRANKLIN COUNTY, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements, which are composed of the basic financial statements, the notes to the financial statements and other supplemental information as described below. The financial statements of the Corporation report information about the Corporation using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. Responsibility for the completeness and fairness of the information contained rests with the CDC's management. The Corporation's annual report consists of three parts: management's discussion & analysis, the basic financial statements, and notes to the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents Management's Discussion and Analysis (MD&A). It precedes the financial statements and its purpose is to put current financial performance in perspective relative to past performance and future expectations.

BASIC FINANCIAL STATEMENTS

The financial statements are designed to provide readers with a broad overview of the Corporation's finances, in a manner similar to a private-sector business. They consist of the Statement of Net Position and the Statement of Activities.

The Statement of Net Position presents information on all the Corporation's assets, deferred outflows, liabilities, and deferred inflows with the difference between the four reported as net position. Over time, increases and decreases in net position will serve as a useful indicator of whether the financial position of the CDC is improving or deteriorating.

The Statement of Cash Flows provides information on the major sources and uses of cash during the year. The cash flow statement portrays net cash provided or used from operating, investing, capital, and non-capital financing activities.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to financial statements can be found in this report after the financial statements.

SUPPLEMENTAL INFORMATION

In addition to the basic financial statements and accompanying notes, this report presents supplemental schedules which are presented for purposes of additional analysis only.

See paragraph on supplementary schedules in independent auditors' report.

FRANKLIN COUNTY CIVIC DEVELOPMENT CORPORATION
A COMPONENT UNIT OF FRANKLIN COUNTY, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

FINANCIAL ANALYSIS OF FRANKLIN COUNTY CIVIC DEVELOPMENT CORPORATION AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets and deferred outflows exceeded liabilities and deferred inflows for the Corporation by \$10,567 for a 15.6% decrease from the prior year.

The balance of unrestricted net position of \$10,567 may be used to meet the Corporation's ongoing obligations to both citizens and vendors. At the end of the current fiscal year, the Corporation is able to report a positive balance in unrestricted net position.

Condensed Statement of Net Position

	<u>Total CDC</u>		<u>Percentage Change</u>
	<u>2014</u>	<u>2013</u>	
Current and Other Assets	<u>\$ 10,567</u>	<u>\$ 12,525</u>	(15.6%)
Total Assets	<u>\$ 10,567</u>	<u>\$ 12,525</u>	(15.6%)
Liabilities			
Current	\$ -	\$ -	-
Other Current Liabilities	<u>-</u>	<u>-</u>	-
Total Liabilities	<u>-</u>	<u>-</u>	-
Net Position			
Net Investment in Capital Assets	-	-	-
Unrestricted	<u>10,567</u>	<u>12,525</u>	(15.6%)
Total Net Position	<u>10,567</u>	<u>12,525</u>	(15.6%)
Total Net Position and Liabilities	<u>\$ 10,567</u>	<u>\$ 12,525</u>	(15.6%)

Changes in Net Position

The Organization's fiscal year 2014 revenues totaled \$1 in interest earnings. Expenses of \$1,959 consisted of professional fees and insurance.

See paragraph on supplementary schedules in independent auditors' report.

FRANKLIN COUNTY CIVIC DEVELOPMENT CORPORATION
A COMPONENT UNIT OF FRANKLIN COUNTY, NEW YORK
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(CONTINUED)

Changes in Net Position from Operating Results	<u>Total</u>		<u>Total Percentage Change</u>
	<u>2014</u>	<u>2013</u>	
Revenues			
General Revenues			
Operating Revenues	\$	\$ 268,625	(100.0%)
Interest	<u>1</u>	<u>20</u>	(95.0%)
Total Revenues	<u>1</u>	<u>268,645</u>	(100.0%)
Expenses			
Operating Expenses	<u>1,959</u>	<u>270,473</u>	(99.3%)
Total Expenses	<u>1,959</u>	<u>270,473</u>	(99.3%)
Increase (Decrease) in Net Position	<u>\$ (1,958)</u>	<u>\$ (1,828)</u>	7.1%

In 2013, the CDC issued bonds that generated operating revenue of \$268,625 and provided the County of Franklin Industrial Development Agency with a grant of \$268,125. No bonds were issued in 2014.

CONTACTING THE FRANKLIN COUNTY CIVIC DEVELOPMENT CORPORATION'S FINANCIAL MANAGEMENT

The financial report is designed to provide a general overview of the Franklin County Civic Development Corporation's finances to citizens, customers, and creditors. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Corporation's Chief Executive Officer at 10 Elm Street, Suite 2, Malone, New York 12953.

See paragraph on supplementary schedules in independent auditors' report.

FRANKLIN COUNTY CIVIC DEVELOPMENT CORPORATION
(A Component Unit of Franklin County, New York)
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	2014
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 10,567
Total Current Assets	10,567
Noncurrent Assets:	
Property, Plant, and Equipment	
Buildings	-
Less Accumulated Depreciation	-
Land	-
Net Property, Plant, and Equipment	-
Total Assets	10,567
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows	
Total Deferred Outflows of Resources	\$ -
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ -
Accrued Liabilities	-
Total Current Liabilities	-
Noncurrent Liabilities:	
Total Noncurrent Liabilities	-
Total Liabilities	-
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources	-
Total Deferred Inflows of Resources	-
NET POSITION	
Unrestricted	10,567
Net Investment in Capital Assets	-
Total Net Position	\$ 10,567

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

FRANKLIN COUNTY CIVIC DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(A Component Unit of Franklin County, New York)
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014
Operating Revenues:	
Charges for Services	\$ -
Project Fees	-
Total Operating Revenues	-
 Operating Expenses:	
Insurance	959
Professional Fees	1,000
Office Expense	-
Civic Development Projects	-
Total Operating Expenses	1,959
Operating Income:	(1,959)
 Nonoperating Revenues (Expenses):	
Interest Income	1
Interest and Financing Charges	-
Total Nonoperating Revenues (Expenses)	1
Change in Net Position	(1,958)
 Net Position - Beginning of Year	12,525
 Net Position - End of Year	\$ 10,567

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

FRANKLIN COUNTY CIVIC DEVELOPMENT CORPORATION
(A Component Unit of Franklin County, New York)
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014
Cash Flows from Operating Activities	
Cash Received from Providing Services	\$ -
Payments to Suppliers	(1,959)
Net Cash (Used) by Operating Activities	(1,959)
Cash Flows from Noncapital Financing Activities	
Reimbursement of Expenses	-
Net Cash Provided by Noncapital Financing activities	-
Cash Flows from Investing Activities	
Interest Received on Deposits and Cash Equivalents	1
Net Cash Provided by Investing Activities	1
Net Decrease in Cash and Cash Equivalents	(1,958)
Cash and Cash Equivalents - Beginning of Year	12,525
Cash and Cash Equivalents - End of Year	\$ 10,567
Reconciliation of Operating Income to	10,567
Net Cash Provided (Used) by Operating Activities	
Changes in Net Position	\$ (1,958)
Adjustments to Reconcile Operating Income to Net Cash provided (Used) by operating activities:	
Interest Received	(1)
Net Cash (Used) by Operating Activities	\$ (1,959)
Supplemental Data for Noncash Investing and Financing Activities:	
Donated Goods and Services	\$ -
Interest Capitalized	-
	-

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

FRANKLIN COUNTY CIVIC DEVELOPMENT CORPORATION
(A Component Unit of Franklin County New York)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

The Franklin County Civic Development Corporation (CDC) was created on June 23, 2010 by the Franklin County Board of Legislators under Section 402 and Section 1411 of the Not-For-Profit Corporation Law for the purpose of encouraging economic growth in Franklin County, New York. The Corporation is exempt from federal, state, and local income taxes. The Corporation, although established by the Franklin County Board of Legislators, is a separate entity and operates on behalf of issuers of bonds for Franklin County.

The Board of the Corporation is comprised of seven members appointed by the legislature of Franklin County, New York.

As defined by GASBS No. 39, Determining Whether Certain Organizations are Component Units, the Corporation is financially accountable to Franklin County and is considered a component unit of Franklin County. Franklin County Civic Development Corporation is considered a component unit of the County of Franklin.

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

ACCOUNTING METHOD

The Corporation's financial statements are prepared using the economic resources measurement's focus and the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) for proprietary funds, which are similar to those of private business enterprises. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

The Corporation's basic financial statements are presented in conformance with the provisions of GASBS No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments"

FRANKLIN COUNTY CIVIC DEVELOPMENT CORPORATION
(A Component Unit of Franklin County New York)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GASBS No. 34 establishes standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, statement of revenues, expenses, and changes in net position into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.
- **Restricted net position** – reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** – reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the Corporation.

PROPERTY, PLANT, AND EQUIPMENT

Property, plant and equipment are recorded at cost if purchased or constructed; or at fair market value on the date of gift, if donated. Depreciation is recognized on the straight-line basis over the estimated useful life of the assets. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. When equipment is retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation and any resultant gain or loss is credited or charged to operations.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the financial statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 2,500	straight-line	40 years
Building improvements	\$ 2,500	straight-line	15-40 years
Vehicles, furniture and equipment	\$ 2,500	straight-line	5-15 years

CASH AND INVESTMENTS

Cash and cash equivalents consist of cash and investments which mature no more than three months after the date purchased.

The Corporation's investments policies are governed by state statutes. Corporation monies are required to be deposited in FDIC insured commercial banks or trust companies located within the state. The Corporation is authorized to use demand accounts and certificates of deposit.

FRANKLIN COUNTY CIVIC DEVELOPMENT CORPORATION
(A Component Unit of Franklin County New York)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH AND INVESTMENTS (continued)

Collateral is required for demand deposits and certificates of deposit not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

The Corporation is required by local law to collateralize any of its cash deposits which are in excess of the Federal Deposit Insurance Corporation limit. At December 31, 2014 all cash deposits were fully collateralized in the Corporation's name.

All of the Corporation's investments are either registered in the Corporation's name or held in trust by a third-party custodian in the Corporation's name.

BAD DEBTS

Bad debts are recognized by the Corporation in the year they are determined worthless.

INDUSTRIAL REVENUE BOND AND NOTE TRANSACTIONS

Certain industrial development revenue bonds and notes issued by the Corporation are secured by property, which is leased to companies and is retired by lease payments. The bonds and notes are not obligations of the Corporation or the State. The Corporation does not record the assets or liabilities resulting from completed bond and note issues in its accounts since its primary function is to arrange the financing between the borrowing companies and the bond and note holders, and funds arising therefrom are controlled by trustees or banks acting as fiscal agents. For providing this service, the Corporation receives bond administration fees from the borrowing companies. Such administrative fee income is recognized immediately upon issuance of bonds and notes.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of cash and cash equivalents, investments, accounts receivable, accrued interest, accounts payable, and current portion of long-term debt and bonds payable approximated fair market value because of the short maturity of those instruments.

The carrying values of the Corporation's long-term debt and bonds payable approximate market value as terms of the debt reflect current market rates and terms.

TAX-EXEMPT STATUS

The Corporation is exempt from federal, state, and local income taxes.

ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the Corporation to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

FRANKLIN COUNTY CIVIC DEVELOPMENT CORPORATION
(A Component Unit of Franklin County New York)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

NOTE 2 - NEW AND FUTURE ACCOUNTING STANDARDS

The Corporation has adopted GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, which establishes accounting and reporting financial standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The objective of this Statement is to clarify appropriate use of financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

The Corporation has adopted Statement 66, *Technical Corrections*, which resolves conflicting guidance that resulted from the issuance of Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

GASB has issued Statement 67, *Financial Reporting for Pension Plans*, which amends the requirements of GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and GASB Statement No. 50, *Pension Disclosures*, as they relate to pension plans administered through trusts that meet certain criteria. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. Effective for periods beginning after June 15, 2013.

GASB has issued Statement 68, *Accounting and Financial Reporting for Pensions*, which replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. This Statement establishes procedures for measuring and recognizing the obligations associated with pensions as liabilities and the costs of pensions as expenses, deferred outflows of resources or deferred inflows of resources; identifies the methods and assumptions that would be used to project pension payments, discount projected payments to their present values and attribute those present values to periods of employee services; and amends note disclosure and required supplementary information requirements. This Statement and Statement No. 67, *Financial Reporting for Pension Plans*, establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. Effective for periods beginning after June 15, 2014.

GASB has issued Statement 69, *Government Combinations and Disposals of Government Operations*, effective for the year ending June 30, 2015.

GASB has issued Statement 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*, effective for the year ending June 30, 2015.

GASB has issued Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*, effective for the year ending June 30, 2015.

FRANKLIN COUNTY CIVIC DEVELOPMENT CORPORATION
(A Component Unit of Franklin County New York)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014
(CONTINUED)

NOTE 2 - NEW AND FUTURE ACCOUNTING STANDARDS (continued)

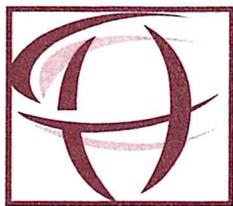
The Corporation is currently studying the statements and plans adoption if and when required.

NOTE 3 - RELATED PARTIES

The County of Franklin Industrial Development Agency (the "IDA") is a public benefit corporation that was created in 1970 by the Franklin County Board of Legislators under the provisions of Article 18A of the General Municipal Law to encourage economic growth and prosperity in Franklin County, New York. The Franklin County Local Development Corporation (the "LDC") was started in 1989 to develop and cultivate a strong economic environment, which supports business and nurtures growth and new investment in the County. The Franklin County Civic Development Corporation (the "CDC") is a corporation established in 2010 to meet the civic bonding needs of colleges, medical and research facilities, libraries, and other not-for-profit corporations to assist with financing needs. The respective Boards of the IDA, LDC, and CDC are substantially the same and activities are closely related.

NOTE 4 - SUBSEQUENT EVENTS

The Corporation has evaluated events and transactions that occurred between December 31, 2014 and March 6, 2015, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.



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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
Franklin County Civic Development Corporation
(A Component Unit of Franklin County, New York)
Malone, New York

We have audited, in accordance with the 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 Franklin County Civic Development Corporation, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Franklin County Civic Development Corporation's basic financial statements and have issued our report thereon dated March 6, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Franklin County Civic Development 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Franklin County Civic Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Franklin County Civic Development 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 a 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 the attention of 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.



Crowley & Halloran, CPAs, P.C.
Certified Public Accountants, Auditors, and Consultants

**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
(CONTINUED)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Franklin County Civic Development 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.

Crowley & Halloran CPAs P.C.

Watertown, NY
March 6, 2015