AUDITED
BASIC FINANCIAL STATEMENTS

CITY OF GENEVA LOCAL DEVELOPMENT CORPORATION

DECEMBER 31, 2015

CITY OF GENEVA LOCAL DEVELOPMENT CORPORATION

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FreedMaxick CPAs, P.C.

INDEPENDENT AUDITOR'S REPORT

The Board of Directors of the
City Geneva Local Development Corporation
Geneva, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Geneva Local Development Corporation (the Corporation) as of and for the years ended December 31, 2015 and 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 an opinion on these financial statements based on our audits. We conducted our audits 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 Corporation'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.

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, 2015 and 2014, and the respective changes in financial position and its cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement basic financial statements. Such missing 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 appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2016 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 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 Corporation's internal control over financial reporting and compliance.

Freed Maxick CPAs, P.C.

Batavia, New York
March 21, 2016

CITY OF GENEVA LOCAL DEVELOPMENT CORPORATION

STATEMENTS OF NET POSITION
FOR THE YEARS ENDED DECEMBER 31,

	2015	2014
ASSETS:		
Cash	$ 195,306	$ 273,994
Land held for investment	44,567	26,689
Accounts receivable	7,479	-
Total assets	247,352	300,683
NET POSITION:		
Unrestricted	247,352	300,683
Total net position:	$ 247,352	$ 300,683

See accompanying notes.

CITY OF GENEVA LOCAL DEVELOPMENT CORPORATION

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31,

	2015	2014
Operating revenues:		
Fees - services	$ 7,479	$ 20,935
Program Income	-	79,891
Corporate contributions	500	107,713
Total operating revenues	7,979	208,539
Operating expenses:		
Contractual expenses - 233 William Street	24,687	6,039
Supplies	-	1,394
Miscellaneous	-	6,745
NY main street program	14,958	-
Live where you work program	22,500	-
Total operating expenses	62,145	14,178
Operating income (loss)	(54,166)	194,361
Non-operating revenue:		
Interest revenues	835	429
Change in net position	(53,331)	194,790
Net position - beginning of year	300,683	105,893
Net position - end of year	$ 247,352	$ 300,683

See accompanying notes

CITY OF GENEVA LOCAL DEVELOPMENT CORPORATION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2015	2014
Cash flows from operating activities:		
Fees - services	$ -	$ 20,935
Program income	-	79,891
Corporate contributions	500	107,713
Contractual/legal expenses	(24,687)	(39,595)
Supplies	-	(1,394)
Miscellaneous	-	(6,745)
NY main street program	(14,958)	-
Live where you work program	(22,500)	-
Net cash provided (used) by operating activities	(61,645)	160,805
Cash flows from investing activities:		
Interest income	835	429
Purchase of land held for investment	(17,878)	-
Net cash provided (used) by investing activities	(17,043)	429
Net increase (decrease) in cash	(78,688)	161,234
Cash - beginning of year	273,994	112,760
Cash - end of year	$ 195,306	$ 273,994
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities:		
Income (loss) from operations	$ (54,166)	$ 194,361
Adjustment to reconcile income (loss) from operations to net cash provided (used) by operating activities:		
Change in assets and liabilities:		
Increase (decrease) in:		
Accounts payable	-	(33,556)
Accounts receivable	(7,479)	-
Net cash provided (used) by operating activities	$ (61,645)	$ 160,805

See accompanying notes.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Geneva Local Development Corporation (the Corporation) 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 Corporation's accounting policies are described below.

Reporting Entity: The City of Geneva Local Development Corporation (the Corporation) was formed under the Not-for-Profit Corporation Law of the State of New York for the purpose of creating employment opportunities, thereby improving the quality and condition of life in the City of Geneva, New York (the City). This is accomplished by encouraging and affecting the retention of existing business and industry, as well as encouraging the location and expansion of residential, commercial, industrial, and manufacturing facilities in the City. The Corporation is subject to the provisions of the New York State Public Authorities Law. As a local authority under this law, the Corporation is required to make certain information available to the public.

The financial reporting entity includes organizations, functions, and activities over which appointed officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing agency, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

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

Income Taxes: The Corporation is exempt from federal and state 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 Corporation files its Return or Organization Exempt from Income Tax in the U.S. federal jurisdiction and its Annual Filing of Charitable Organization in New York State.

Net Position: Net position is classified into three categories according to external donor restrictions or availability of assets for satisfaction of the Corporation's obligations. The Corporation's net position is classified as follows:

Net Investment in Capital Assets: This represents the Corporation's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets. The Corporation did not have any net position in this category at December 31, 2015 and 2014.

Restricted Net Position: This includes assets in which the Corporation is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. The Corporation did not have any restricted net position as of December 31, 2015 and 2014.

Unrestricted Net Position: Unrestricted net position represents resources derived from operating revenue. These resources are used for transactions relating to the general operations of the Corporation, and may be used at the discretion of the Board of Directors to meet current expenses for any purpose.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable: Accounts receivables are carried at their net realizable value. Accounts are written-off as uncollectible after the likelihood of payment is considered remote by management. Generally accepted accounting principles require the establishment of an allowance for doubtful accounts, however, no allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Subsequent Events: These financial statements have not been updated for subsequent events occurring after March 21, 2016 which is the date these financial statements were available to be issued.

NOTE 2. DEPOSITS AND INVESTMENTS

Collateral is required for demand and time 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 municipalities and school districts.

Investment and Deposit Policy: The Corporation implemented Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures.*

The Corporation follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Board of Directors.

Interest Rate Risk: Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Corporation's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: The Corporation's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The Corporation's investment and deposit policy authorizes it to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. All deposits of the Corporation including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 102% of the aggregate amount of deposits. The Corporation restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.

NOTE 3. LAND HELD FOR INVESTMENT

The Corporation had an asset of land that is being held for future development in the amount of $44,567 and $26,689 at December 31, 2015 and 2014, respectively. This investment represents the Corporation's share of joint venture between the Corporation, City of Geneva Industrial Development Agency and City of Geneva.

NOTE 4. DETAIL NOTES ON ACCOUNTS RECEIVABLE

Major revenues accrued by the Agency at December 31 include the following:

	2015	2014
Reimbursement due from the Geneva Industrial Agency for NY Main Street Program	$ 7,479	$ -

FreedMaxick CPAs, P.C.

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*

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
City of Geneva Local Development Corporation
Geneva, New York

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 City of Geneva Local Development Corporation (the Corporation), as of and for the year ended December 31, 2015, 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 21, 2016.

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 the 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.

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*.

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.

Freed Maxick CPAs, P.C.

Batavia, New York
March 21, 2016