

SENECA COUNTY
ECONOMIC DEVELOPMENT CORPORATION
NEW YORK
FINANCIAL STATEMENTS
For Years Ended December 31, 2016 and 2015

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Certified Public Accountants

Shareholders:

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Members of
American Institute of
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and
New York State Society of
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Seneca County Economic Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the Seneca County Economic Development Corporation (the Corporation), which comprise the combined statement of financial position as of December 31, 2016 and 2015, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

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 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 Corporation'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 Seneca County Economic Development Corporation as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2017 on our consideration of the Seneca County Economic 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 Seneca County Economic Development Corporation's internal control over financial reporting and compliance.



March 16, 2017

SENECA COUNTY ECONOMIC DEVELOPMENT CORPORATION**NEW YORK****Combined Statement of Financial Position****December 31, 2016 and 2015**

<u>ASSETS:</u>	<u>2016</u>	<u>2015</u>
<u>Current Assets -</u>		
Cash and cash equivalents	\$ 337,702	\$ 215,328
Accounts receivable	14,542	-
Loans receivable	73,738	72,281
Total Current Assets	\$ 425,982	\$ 287,609
<u>Noncurrent Assets -</u>		
Loans receivable, net	\$ 132,634	\$ 206,372
Total Noncurrent Assets	\$ 132,634	\$ 206,372
TOTAL ASSETS	\$ 558,616	\$ 493,981
<u>LIABILITIES:</u>		
<u>Current Liabilities -</u>		
Accounts payable	\$ 443	\$ 1,282
Total Current Liabilities	\$ 443	\$ 1,282
TOTAL LIABILITIES	\$ 443	\$ 1,282
<u>NET ASSETS:</u>		
Unrestricted	\$ 558,173	\$ 492,699
TOTAL NET ASSETS	\$ 558,173	\$ 492,699
TOTAL LIABILITIES AND NET ASSETS	\$ 558,616	\$ 493,981

(The accompanying notes are an integral part of these financial statements)

**SENECA COUNTY ECONOMIC DEVELOPMENT CORPORATION
NEW YORK**

**Combined Statement of Activities
For Years Ended December 31, 2016 and 2015**

<u>REVENUES AND OTHER SUPPORT:</u>	<u>2016</u>	<u>2015</u>
Rent income	\$ 156,773	\$ 17,790
State and federal aid - pass through grants	5,149	2,309
Donations	7,156	11,460
Burial income	17,632	14,218
Miscellaneous	5,087	6,504
Fundraising	1,080	-
TOTAL REVENUES AND OTHER SUPPORT	<u>\$ 192,877</u>	<u>\$ 52,281</u>
 <u>EXPENSES:</u>		
Management and general	\$ 108,970	\$ 102,123
Program services	17,037	10,236
Fund raising	1,396	806
TOTAL EXPENSES	<u>\$ 127,403</u>	<u>\$ 113,165</u>
 EXCESS (DEFICIENCY) IN UNRESTRICTED NET ASSETS	<u>\$ 65,474</u>	<u>\$ (60,884)</u>
 NET ASSETS - BEGINNING OF YEAR	<u>492,699</u>	<u>553,583</u>
 NET ASSETS - END OF YEAR	<u><u>\$ 558,173</u></u>	<u><u>\$ 492,699</u></u>

(The accompanying notes are an integral part of these financial statements)

**SENECA COUNTY ECONOMIC DEVELOPMENT CORPORATION
NEW YORK**

**Combined Statement of Cash Flows
For Years Ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Increase (decrease) in net assets	\$ 65,474	\$ (60,884)
<u>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</u>		
(Increase) decrease in operating assets -		
Accounts receivable	(14,542)	-
Increase (decrease) in operating liabilities -		
Accounts payable	(839)	952
Net Cash Provided (Used) by Operating Activities	<u>\$ 50,093</u>	<u>\$ (59,932)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
<u>Adjustments to reconcile change in net assets to net cash provided (used) by investing activities:</u>		
Principal payment received for programmatic loans	\$ 72,281	\$ 70,853
Net Cash Provided (Used) by Investing Activities	<u>\$ 72,281</u>	<u>\$ 70,853</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 122,374	\$ 10,921
BEGINNING CASH AND CASH EQUIVALENTS	<u>215,328</u>	<u>204,407</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 337,702</u></u>	<u><u>\$ 215,328</u></u>

(The accompanying notes are an integral part of these financial statements)

**SENECA COUNTY ECONOMIC
DEVELOPMENT CORPORATION, NEW YORK**

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

(Note 1) Summary of Significant Accounting Policies:

The financial statements have been prepared on the accrual basis of accounting. Revenues are recognized when earned. Expenditures are recognized when materials or services are received.

A. Organization

The Seneca County Economic Development Corporation, New York (the Corporation) was reincorporated as a nonprofit local development corporation on August 31, 2000. The purposes for which the Corporation is to be formed and operated, are exclusively for charitable purposes within the meaning of Section 501(c) (3) of the Internal Revenue Code, to relieve and reduce unemployment, promote and provide for additional and maximum employment, to better and maintain job opportunities, lessen the burdens of government and act in the public interest.

B. Basis of Presentation

The Seneca County Economic Development Corporation, New York prepares its financials following the Not-For-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), the Seneca County Economic Development Corporation, New York is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Seneca County Economic Development Corporation, New York is required to present a Statement of Cash Flows. The Corporation has no temporarily or permanently restricted net assets at December 31, 2016.

C. Cash

Cash and cash equivalents are carried at cost plus accrued interest, which approximates fair value. For purposes of presenting the statement of cash flows, the Corporation considers all highly liquid short-term investments with maturities of three months or less from the date of purchase to be cash or cash equivalents.

D. Income Taxes

The Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Under Accounting Standards Codification (ASC) Topic 740, the tax status of tax-exempt entities is an uncertain tax position since events could potentially occur that jeopardize tax-exempt status. Management is not aware of any events that could jeopardize the Corporation's tax-exempt status. Therefore, no liability or provision for income tax has been reflected in the financial statements. The Corporation files an IRS Form 990 Return of Organization Exempt from Income Tax annually. These forms filed for the years ending 2013, 2014, and 2015 are subject to examination by the IRS, generally for 3 years after they were filed.

E. Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on the functional basis in the financial statements. Accordingly, certain costs have been allocated among the program and supporting services benefited.

(Note 1) (Continued)

F. Loans Receivable

Loans receivable are stated at principal balances net of the amounts deemed by management to be uncollectible.

Interest on loans is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

G. Use of Estimates

The preparation of financial statements in conformity 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 disclosure 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.

H. Revenues

The Corporation receives grants from New York State for various economic development programs in Seneca County. These grants are received by the Seneca County Economic Development Corporation then passed through to other organizations once the conditions of the grants are met.

The Corporation receives rental income from Finger Lakes Rail Company for storage of cars on the Depot property.

(Note 2) **Detail Notes on All Funds and Account Groups:**

A. Assets

1. Cash and Investments

The Corporation's investment policies are governed by state statutes. The Corporation's monies must be deposited in FDIC insured commercial banks or trust companies located within the state.

For purposes of reporting cash flow, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and near their maturity. The Statement of Cash Flows uses the indirect method of reporting cash flows.

Deposits and investments consisted of:

Deposits - All deposits including certificates of deposit are carried at cost.

Custodial credit risk is the risk that in the event of bank failure, the Corporation's deposits may not be returned to it. While the Corporation does not have a specific policy for custodial credit risk, New York State statutes govern the Corporation's investment policies, as discussed previously in these notes.

(Note 2) (Continued)

The Corporation's aggregate bank balances (disclosed in the financial statements), included balances fully covered by depository insurance at December 31, 2016.

(Note 3) **Interfund Receivables and Payables:**

Interfund receivables and payables at December 31, 2016 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Operating	\$ 511,263	\$ -
Cemetery	-	511,263
Total	<u>\$ 511,263</u>	<u>\$ 511,263</u>

(Note 4) **Loans Receivable:**

The Corporation has an outstanding note receivable that matures in 2019. As of December 31st the Corporation had the following:

	<u>2016</u>	<u>2015</u>
Notes Receivable	\$ 206,372	\$ 278,653
<u>Less: Current Portion</u>	<u>(73,738)</u>	<u>(72,281)</u>
Total Long-Term Notes Receivable, net	<u>\$ 132,634</u>	<u>\$ 206,372</u>

Principal maturities are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 73,738
2018	75,224
2019	57,410
Total	<u>\$ 206,372</u>

An allowance for credit losses is established based upon a review of the repayment status of outstanding loans. As of December 31, 2016 management considers its loan balances to be collectible in full, and as such, no allowance has been estimated.

(Note 5) **Unconditional Promise to Give:**

During September 2014 the Corporation issued a loan with a principal value of \$367,000, an interest rate of 2.0%, and a five year maturity, using funds from its Community Development Block Grant received from Seneca County. Under the terms of the loan, the borrower is not obligated to repay any of the principal, or accrued interest, as long as certain performance requirements are met and avoids being in default, without remedy, through the maturity date of the loan, September 1, 2019. Management has determined that the likelihood the borrower will have to pay any part of this loan balance to be remote. As such, the Corporation considers this loan to be an unconditional promise to give with a carrying value of \$0.

(Note 6) **Property and Equipment:**

Property and equipment is stated at the lower of cost or fair market value at the date of purchase. Expenditures for property and equipment are capitalized when in excess of \$2,500. Depreciation is computed beginning with the first full year of service using the straight-line method over useful lives of 3 years for computer software and 5 years for equipment items.

The balance at December 31, 2016 is as follows:

<u>Type</u>	<u>Balance at</u> <u>12/31/2015</u>	<u>Additions</u>	<u>Balance at</u> <u>12/31/2016</u>
Equipment	\$ 10,329	\$ -	\$ 10,329
Accumulated Depreciation - Equipment	(10,329)	-	(10,329)
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Note 7) **Related Party:**

Representation on the Board of Directors of the Corporation consists of five board members, all of which are Seneca County Industrial Development Agency, Inc. (SCIDA) board members.

The Seneca County IDA performs the bookkeeping function for the Corporation.

(Note 8) **License/Lease Agreements:**

- A. License agreement dated September 1, 2015 between the Corporation and Richard Nogle for the rental of land for the purpose of cultivating plant crops. The terms of the agreement were not renewed during the 2016 year.
- B. License agreement dated September 15, 2015 between the Corporation and Donald Reinshagen for the rental of land for the purpose of cultivating plant crops. The terms of the agreement were not renewed during the 2016 year.
- C. License agreement between the Corporation and Finger Lakes Rail for the use of 19.36 miles of track for the purpose of sorting and refurbishing rail cars. The fee shall be calculated at \$0.35 per car per day for boxcars, covered poppers, and gondolas, \$0.40 per car per day for flat cars, and \$0.50 per car per day for non-hazardous tank cars. In the event the licensee receives more than \$2.00 per day for any storage car, it shall pay to licensor \$1.00 per car per day regardless of car type. The lease shall expire December 31, 2017.
- D. On June 1, 2015 the Corporation entered into a license agreement with the United States of America for the use of approximately 3,900 acres of land for the purpose of troop training. The parcel of land is located at the Seneca Army Depot. The term of the license expired December 31, 2015, and was not renewed during the 2016 year.
- E. Lease Agreement between the SCIDA and the Corporation for the leasing of land (including logging and mineral rights) commonly known as the "conservation land" and the existing improvements located thereon, consisting principally of approximately sixty-four (64) buildings and/or structures, 506 storage igloos, roadways, fencing and utilities. The lease shall expire on December 31, 2035 unless mutually agreed to by the parties. The annual amount of the lease is one dollar. The SCIDA has entered into a sales agreement for this land, and is expected to close in 2017.

(Note 9) Sampson Veterans Memorial Cemetery:

As of July 2011 the Corporation has been providing services to Seneca County for the Sampson Veterans Memorial Cemetery located in Romulus, New York. These services consist of the management and maintenance of the Cemetery on a day-to day basis. In addition, it is the Corporations' responsibility for hiring and maintaining staff or independent contractors or agents while complying with all State and Federal Laws. All expenses for management and maintenance of the Cemetery are the responsibility of the Corporation and funded either through contributions, donations, grants, in-kind services, income generated through operations and any other source available to the Corporation.

(Note 10) Deficit Net Assets – Cemetery:

The Cemetery Fund had a deficit unrestricted net assets of \$491,387 at December 31, 2016. Management anticipates that future income streams will allow the Corporation to meet its obligations under the contract with Seneca County.

(Note 11) Commitment and Contingencies:

A. Litigation

As of the date of this report management is not aware of any pending litigation.

(Note 12) Subsequent Events:

Events and transactions which have occurred from January 1, 2017 through March 16, 2017, the date of these financials, have been evaluated by the SCEDC's management for the purpose of determining whether there were any events that might require disclosure in these financial statements. No such events or transactions were noted.

SENECA COUNTY ECONOMIC DEVELOPMENT CORPORATION
NEW YORK

Combining Statement of Financial Position - Unrestricted

December 31, 2016

	General		Total
<u>ASSETS:</u>	<u>Operations</u>	<u>Cemetery</u>	<u>2016</u>
<u>Current Assets -</u>			
Cash and cash equivalents	\$ 317,383	\$ 20,319	\$ 337,702
Accounts receivable	14,542	-	14,542
Due from other funds	511,263	-	511,263
Loans receivable	73,738	-	73,738
Total Current Assets	\$ 916,926	\$ 20,319	\$ 937,245
<u>Noncurrent Assets -</u>			
Loans receivable, net	\$ 132,634	\$ -	\$ 132,634
TOTAL ASSETS	\$ 1,049,560	\$ 20,319	\$ 1,069,879
<u>LIABILITIES:</u>			
<u>Current Liabilities -</u>			
Accounts payable	\$ -	\$ 443	\$ 443
Due to other funds	-	511,263	511,263
Total Current Liabilities	\$ -	\$ 511,706	\$ 511,706
TOTAL LIABILITIES	\$ -	\$ 511,706	\$ 511,706
<u>NET ASSETS:</u>			
Unrestricted	\$ 1,049,560	\$ (491,387)	\$ 558,173
TOTAL NET ASSETS	\$ 1,049,560	\$ (491,387)	\$ 558,173
TOTAL LIABILITIES AND NET ASSETS	\$ 1,049,560	\$ 20,319	\$ 1,069,879

SENECA COUNTY ECONOMIC DEVELOPMENT CORPORATION
NEW YORK

Combining Statement of Activities - Unrestricted
For Year Ended December 31, 2016

	<u>General Operations</u>	<u>Cemetery</u>	<u>Total 2016</u>
<u>REVENUES:</u>			
Rent income	\$ 156,773	\$ -	\$ 156,773
State and federal aid - pass through grants	5,149	-	5,149
Donations	-	7,156	7,156
Burial income	-	17,632	17,632
Miscellaneous	5,079	8	5,087
Fundraising	-	1,080	1,080
TOTAL REVENUES	\$ 167,001	\$ 25,876	\$ 192,877
<u>EXPENSES:</u>			
<u>Management and General -</u>			
Professional fees	\$ 12,050	\$ -	\$ 12,050
Cemetery director services	-	43,500	43,500
Burial service	-	37,387	37,387
Facilities and equipment	-	713	713
Travel and meetings	-	98	98
Maintenance and repairs	-	15,222	15,222
Total Management and General	\$ 12,050	\$ 96,920	\$ 108,970
<u>Program Services -</u>			
Insurance	\$ 4,231	\$ 864	\$ 5,095
Pass through grants	5,149	-	5,149
Annual dues/fees	-	406	406
Operations - equipment	-	1,652	1,652
Operations - printing and copying	-	334	334
Operations - software programs	-	979	979
Operations - telephone	-	1,174	1,174
Operations - utilities	-	1,354	1,354
Special events supplies/rentals	-	894	894
Total Program Services	\$ 9,380	\$ 7,657	\$ 17,037
<u>Fund Raising -</u>			
Professional fees - fundraising	\$ -	\$ 1,396	\$ 1,396
Total Fund Raising	\$ -	\$ 1,396	\$ 1,396
TOTAL EXPENSES	\$ 21,430	\$ 105,973	\$ 127,403
EXCESS (DEFICIENCY) IN			
UNRESTRICTED NET ASSETS	\$ 145,571	\$ (80,097)	\$ 65,474
NET ASSETS - BEGINNING OF YEAR	903,989	(411,290)	492,699
NET ASSETS - END OF YEAR	\$ 1,049,560	\$ (491,387)	\$ 558,173

SENECA COUNTY ECONOMIC DEVELOPMENT CORPORATION

NEW YORK

Combining Statement of Cash Flows

For Year Ended December 31, 2016

	General		Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	<u>Operations</u>	<u>Cemetery</u>	<u>2016</u>
Increase (decrease) in net assets	\$ 145,571	\$ (80,097)	\$ 65,474
<u>Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:</u>			
(Increase) decrease in operating assets -			
Accounts receivable	(14,542)	-	(14,542)
Increase (decrease) in operating liabilities -			
Accounts payable	-	(839)	(839)
Net Cash Provided (Used) by Operating Activities	<u>\$ 131,029</u>	<u>\$ (80,936)</u>	<u>\$ 50,093</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
<u>Adjustments to reconcile change in net assets to net cash provided (used) by investing activities:</u>			
Principal payment received for programmatic loans	\$ 72,281	\$ -	\$ 72,281
Net Cash Provided (Used) by Investing Activities	<u>\$ 72,281</u>	<u>\$ -</u>	<u>\$ 72,281</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>			
<u>Adjustments to reconcile change in net assets to net cash provided (used) by financing activities:</u>			
Payments from EDC to Cemetery to cover deficit	\$ (100,000)	\$ 100,000	\$ -
Net Cash Provided (Used) by Financing Activities	<u>\$ (100,000)</u>	<u>\$ 100,000</u>	<u>\$ -</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 103,310	\$ 19,064	\$ 122,374
BEGINNING CASH AND CASH EQUIVALENTS	<u>214,073</u>	<u>1,255</u>	<u>215,328</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 317,383</u></u>	<u><u>\$ 20,319</u></u>	<u><u>\$ 337,702</u></u>

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Certified Public Accountants

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**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 Auditors' Report

To the Board of Directors
Seneca County Economic Development Corporation

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 Seneca County Economic Development Corporation (the Corporation), which comprise the combined statement of financial position as of December 31, 2016 and 2015, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Seneca County Economic Development Corporation's financial statements, and have issued our report thereon dated March 16, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Seneca County Economic Development Corporation's internal control over financial reporting 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 Seneca County Economic Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Seneca County Economic Development Corporation's internal control.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

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 Corporation's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses - #2016-001 to be a material weakness.

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.

Compliance and Other Matters

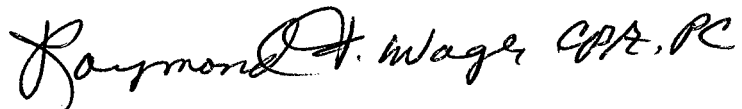
As part of obtaining reasonable assurance about whether the Seneca County Economic Development Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with 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*.

Corporation's Response to Findings

The Seneca County Economic Development Corporation's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The Seneca County Economic Development Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



March 16, 2017

**SENECA COUNTY ECONOMIC
DEVELOPMENT CORPORATION**

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended December 31, 2016

I. Summary of the Auditors' Results

Financial Statements

a) Type of auditor's report issued	Unmodified
b) Internal control over financial reporting	
1. Material weaknesses identified	Yes
2. Significant deficiency(ies) identified	No
c) Noncompliance material to financial statements noted	No

II. Financial Statement Findings

Current Year Finding:

(#2016-001) Deficit Net Assets –

Criteria – Sufficient funds are necessary to continue to meet the cash flow needs of the Cemetery.

Condition – The Cemetery reported a deficit net assets-unrestricted balance of \$491,387 at December 31, 2016 and losses from operations for the years ended December 31, 2016 and 2015 were \$80,097 and \$71,191, respectively.

Effect – This situation could affect the Corporation's ability to provide the cash flow necessary to continue Cemetery operations for an extended period.

Recommendations – Management must find new sources of revenue or identify ways of reducing expenses if Cemetery operations are going to continue for an extended period.

Corporation's Response – Management anticipates that this deficit will be reduced by future income streams and does not anticipate being unable to meet its obligations under its contract with Seneca County.

Prior Year Finding:

(#2015-001) Deficit Net Assets –

This finding is noted above as item (#2016-001).