

**CITY OF GENEVA
INDUSTRIAL DEVELOPMENT AGENCY**

NEW YORK

BASIC FINANCIAL STATEMENTS

For The Year Ended September 30, 2021



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
City of Geneva
Industrial Development Agency
New York

Report on the Financial Statements

We were engaged to 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, the financial statements of the business-type activities, and the aggregate remaining fund information of the City of Geneva, Industrial Development Agency, New York, (the Agency), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Agency's 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. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

The Agency has not maintained certain accounting records and supporting documents relating to transactions with its customers and suppliers, nor is the Agency's internal control adequate to provide safeguards over Agency assets and to assure the proper recording of transactions as of and for the year ended September 30, 2021. Accordingly, we were unable to extend our auditing procedures sufficiently to determine the extent to which the financial statements may have been affected by these conditions.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

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 the 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 an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

We were engaged to audit the financial statements taken as a whole. The accompanying Combining Statement of Net Position, the Combining Statement of Revenues, Expenses, and Changes in Net Position, and the Combining Statement of Cash Flows are presented for purposes of additional analysis and are not a required part of the basic financial statements. Because of the significance of the matter described above, it is inappropriate to and we do not express an opinion on the accompanying Combining Statement of Net Position, the Combining Statement of Revenues, Expenses, and Changes in Net Position, and the Combining Statement of Cash Flows referred to above.

The schedule of lease agreements with the Agency have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2022 on our consideration of City of Geneva, Industrial Development Agency, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 City of Geneva, Industrial Development Agency, New York's internal control over financial reporting and compliance.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
May 31, 2022

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
New York

STATEMENT OF NET POSITION

September 30, 2021

ASSETS:

Current Assets -

Cash and cash equivalents	\$ 144,119
Certificates of deposit	30,000
Total Current Assets	\$ 174,119

Noncurrent Assets -

Land held for development and sale	\$ 151,239
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Capital Assets -

Land	\$ 425,000
Work in Progress	356,227
Buildings, net	2,831,293
Total Capital Assets	\$ 3,612,520
TOTAL ASSETS	\$ 3,937,878

LIABILITIES:

Current Liabilities -

Security deposits	\$ 15,153
Total Current Liabilities	\$ 15,153

Noncurrent Liabilities -

Due to other governments	\$ 86,973
Note payable:	
Due and payable within one year	23,305
Due and payable after one year	460,081
Total Noncurrent Liabilities	\$ 570,359
TOTAL LIABILITIES	\$ 585,512

NET POSITION:

Net investment in capital assets	\$ 3,129,134
Unrestricted	223,232
TOTAL NET POSITION	\$ 3,352,366

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

**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
New York**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For Year Ended September 30, 2021

OPERATING REVENUES:

Rental income	\$ 276,301
Other revenues	15,270
TOTAL OPERATING REVENUES	<u>\$ 291,571</u>

OPERATING EXPENSES:

Administrative	\$ 93,075
Depreciation	140,816
Professional fees	106,795
Repairs and maintenance	49,454
Utilities	80,428
TOTAL OPERATING EXPENSES	<u>\$ 470,568</u>

OPERATING INCOME (LOSS) **\$ (178,997)**

NONOPERATING REVENUES (EXPENSES):

Interest revenue	\$ 430
Miscellaneous revenue	18,626
Miscellaneous expense	(3,232)
Interest expense	(23,492)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>\$ (7,668)</u>

INCREASE (DECREASE) IN NET POSITION **\$ (186,665)**

NET POSITION - BEGINNING OF YEAR **3,539,031**

NET POSITION - END OF YEAR **\$ 3,352,366**

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

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
New York

STATEMENT OF CASH FLOWS

For Year Ended September 30, 2021

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Cash received from providing services	\$ 293,252
Cash payments contractual expenses	<u>(329,752)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (36,500)</u>
 <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>	
Payments made on notes and loans payable	\$ (22,087)
Federal grants - Payments to vendors	<u>(23,492)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>\$ (45,579)</u>
 <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Payments for miscellaneous expenses	\$ 15,394
Interest income	<u>430</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>\$ 15,824</u>
NET INCREASE (DECREASE) IN CASH	\$ (66,255)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	240,374
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 174,119</u>
OPERATING INCOME (LOSS)	<u>\$ (178,997)</u>
 <u>Adjustments to Reconcile Net Income to Net Cash Flows from Operating Activities -</u>	
Depreciation expense	\$ 140,816
Increase / (decrease) in liabilities	<u>1,681</u>
Total Adjustments	<u>\$ 142,497</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>\$ (36,500)</u>

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

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
New York

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

I. Summary of Significant Accounting Policies:

The financial statements of the City of Geneva Industrial Development Agency, New York (the Agency) have been prepared in conformity with generally accepted accounting principles (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 government's accounting policies are described below.

A. Financial Reporting Entity

The City of Geneva Industrial Development Agency, New York is a public benefit corporation under the mandate of Article 18-A, "New York State Industrial Development Agency Act" of New York State general municipal law.

The Agency reports related organizations under the guidance of the Governmental Accounting Standards Board. The Standards define the primary government and redefine and establish the criteria for which potential component units are included in the reporting entity. The Standards also define financial accountability of the primary government as being determined on the basis of fiscal dependency, appointment of a voting majority of a governing board, ability to impose its will or potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government. The Agency is subject to the provisions of the New York State Public Authorities Law. As a local authority under the law, the Agency is required to make certain information available to the public.

1. Included in the Reporting Entity

a. Geneva Enterprise Development Center - The Agency is financially accountable for the Geneva Enterprise Development Center. Based on the above aforementioned criteria, the Geneva Enterprise Development Center is required to be included as a blended component unit in the accompanying financial statements.

b. City of Geneva Industrial Park - The Agency maintains joint ownership in the City of Geneva Industrial Park along with the Ontario County Industrial Development Agency and the City of Geneva. Based on the above aforementioned criteria, the City of Geneva Industrial Park is required to be included as a blended component unit in the accompanying financial statements.

(I.) (Continued)

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The financial statements of the Agency are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the Agency gives or receives value without directly receiving or giving equal value in exchange, include grants. Revenue from grants is recognized in the financial year in which all eligibility requirements have been satisfied.

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

C. Cash and Cash Equivalents

The Agency's cash and cash equivalents consists of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

For the purpose of the statement of cash flows, the Agency considers cash to be all cash and cash equivalents.

D. Accounts Receivable

Receivables are stated at the amount management expects to collect. Amounts that management believes to be uncollectible, after collection efforts have been completed, are written off. In addition, management evaluates the need for and, if appropriate, provides an allowance to reduce receivables to amounts management expects will be collected.

E. Property and Equipment

Property and equipment is recorded at acquisition cost and depreciated over the estimated useful lives of the respective assets using straight-line and accelerated methods. The cost of repairs, maintenance and minor replacements is expensed as incurred, whereas expenditures that materially extend property lives are capitalized. When depreciable property is retired or otherwise disposed of, the cost and related accumulated depreciation are removed for the accounts and any gain or loss is reflected in income. Depreciation expense amounted to \$140,816 for fiscal year ended September 30, 2021.

(I.) (Continued)

F. Net Position

Equity is classified as net position and displayed in two components as defined below:

1. **Net Investment in Capital Assets** - Consists of capital assets less related debt.
2. **Unrestricted Net Position** - All other net position that does not meet the definition of “Investment in capital assets”.

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. This affects the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenditures during the reporting periods. Actual results could differ from those estimates.

H. Revenue Recognition

The Agency recognizes rental income as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Agency and the tenants are operating leases.

I. Operating and Nonoperating Revenues and Expenses

The Agency distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Agency’s principal ongoing operations. The principal operating revenues of the Agency’s funds are charges to tenants of the industrial park and administrative fees. Operating expenses for the Agency include the cost of the operations of the industrial park, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

J. Income Taxes

The Agency is a Public Benefit Corporation of the State of New York and is exempt from federal income taxes under Section 115 of the Internal Revenue Code. Accordingly, no provision for income taxes has been made on the accompanying financial statements.

K. New Accounting Standards

The Agency has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At September 30, 2021, the Agency implemented the following new standards issued by GASB:

GASB has issued Statement 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*.

GASB has issued Statement 93 *Replacement of Interbank Offered Rates Paragraphs 13 and 14*.

(I.) (Continued)

L. Future Changes in Accounting Standards

GASB has issued Statement 87 *Leases*, which will be effective for reporting periods beginning after June 15, 2021.

GASB has issued Statement 91 *Conduit Debt Obligations*, which will be effective for reporting periods beginning after December 15, 2021.

GASB has issued Statement 92 *Omnibus 2020 Paragraphs 6, 7, 8, 9, 10, 12*, which will be effective for reporting periods beginning after June 15, 2021.

GASB has issued Statement 93 *Replacement of Interbank Offered Rates Paragraphs 1-11a, and 12*, which will be effective for reporting periods beginning after June 15, 2020.

GASB has issued Statement 93 *Replacement of Interbank Offered Rates Paragraph 11b*, which will be effective for reporting periods beginning after December 15, 2021.

GASB has issued Statement 94 *Public-Private and Public-Public Partnerships and Available Payment Arrangements*, which will be effective for reporting periods beginning after June 15, 2022.

GASB has issued Statement 96 *Subscription Based Information Technology*, which will be effective for reporting periods beginning after December 15, 2022.

GASB has issued Statement 97 *Certain Component Unit Criteria and Accounting and Financial Report for Internal Revenue Code Section 457 Deferred Compensation Plans*, which will be effective for reporting periods beginning after December 15, 2021.

The Agency is currently studying these statements and plans on adoption as required.

II. Cash, Certificates of Deposit and Investments

The Agency's investment policies are governed by state statutes. In addition, the Agency has its own written investment policy. Agency monies must be deposited in FDIC insured commercial banks or trust companies located within the state. The Agency Treasurer is authorized to use interest bearing demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. treasury and U.S. agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand deposits and certificates of deposits 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 Agency's aggregate bank balances were fully collateralized at September 30, 2021 and 2020.

(II.) (Continued)

Investment and Deposit Policy - The Agency 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 Agency Treasurer.

Interest Rate Risk - Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Agency'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 Agency'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 Agency's investment and deposit policy authorizes the reporting entity to purchase to following types of investments:

- Interest bearing demand accounts
- Certificates of deposits
- 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. In accordance with the Agency's investment and deposit policy, all deposits of the Agency 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 Agency 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 Treasurer and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities
- Obligations issued by other than New York State related in one of the three highest rating categories by a least one nationally recognized statistical rating organizations

III. Land Held for Development and Sale

The Agency maintains three separate investments in land held for resale through joint venture agreements with other local organizations. The Agency's ownership share of the joint venture is 14.71%. All acquisition and holding costs related to these investments have been capitalized.

IV. Capital Assets

The following is a summary of capital assets for the Agency at September 30, 2021:

<u>Type</u>	<u>Balance</u> <u>10/1/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/21</u>
<u>Capital assets not being Depreciated:</u>				
Land & improvements	\$ 425,000	\$ -	\$ -	\$ 425,000
Work in progress	356,227	-	-	356,227
<i>Total capital assets not being depreciated</i>	<u>\$ 781,227</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 781,227</u>
<u>Other capital assets:</u>				
Buildings and improvements	\$ 5,330,881	\$ -	\$ -	\$ 5,330,881
<i>Total other capital assets at historical cost</i>	<u>\$ 5,330,881</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,330,881</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	\$ 2,358,772	\$ 140,816	\$ -	\$ 2,499,588
<i>Total accumulated depreciation</i>	<u>\$ 2,358,772</u>	<u>\$ 140,816</u>	<u>\$ -</u>	<u>\$ 2,499,588</u>
<i>Other capital assets, net</i>	<u>\$ 2,972,109</u>	<u>\$ (140,816)</u>	<u>\$ -</u>	<u>\$ 2,831,293</u>
<i>Governmental activities capital assets, net</i>	<u><u>\$ 3,753,336</u></u>	<u><u>\$ (140,816)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,612,520</u></u>

V. Due to Other Governments

Due to other governments represents amounts owed to Ontario County for advances made to the Agency for the operation of the Geneva Enterprise Development Center. There are no specific repayment terms.

The Agency is a participant with Ontario County Industrial Development Agency, City of Geneva, and Geneva Growth in a Joint Venture Agreement to operate the Geneva Industrial Park. On dissolution of the joint venture the net assets of the Park will be shared according to the terms of the Joint Venture Agreement dated June 1, 1989. Initial capital contribution, future contributions, title to the property and voting shares are also included in the Joint Venture Agreement.

The amounts owed to other governments are comprised of the amounts of \$86,973 and \$86,973 at September 30, 2021, and 2020 respectively:

	<u>2021</u>
<u>Joint Venture:</u>	
City of Geneva	\$ 64,477
Ontario County IDA	22,496
Total Due To Other	<u>86,973</u>
Governments-Joint Venture	<u><u>\$ 86,973</u></u>

VI. Outstanding Bond Issues

Bonds issued by the Agency are collateralized by the property which is leased to the borrowing company and the bonds are retired by lease payments. The bonds are not an obligation of the Agency, the City of Geneva or the State of New York. The Agency does not record the assets or liabilities resulting from a completed bond issue in their accounts, since its primary function is to arrange the financing between the borrowing company and the lending bondholders, and the funds arising there from are controlled by a trustee bank.

VII. Long-Term Liabilities

A. Note Payable

The Agency issued a note payable to provide funds for various projects at 122 N. Genesee Street, Geneva, New York. The note payable outstanding at September 30, 2021 is as follows:

<u>Description</u>	<u>Issue Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Amount Outstanding 9/30/2021</u>
122 N. Genesee Street	2018	\$ 551,701	4.66%	2036	\$ 483,386
					<u>\$ 483,386</u>

B. Changes in Long-Term Liabilities

Changes in the Agency’s long-term liabilities for the year ended September 30, 2021 are as follows:

	<u>Balance 10/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2021</u>	<u>Due Within One Year</u>
Note Payable	\$ 505,473	\$ -	\$ 22,087	\$ 483,386	\$ 23,305
Total	<u>\$ 505,473</u>	<u>\$ -</u>	<u>\$ 22,087</u>	<u>\$ 483,386</u>	<u>\$ 23,305</u>

The debt service requirements for the Agency’s note is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 23,305	\$ 22,274
2023	24,415	21,164
2024	25,577	20,002
2025	26,794	18,785
2026	28,070	17,509
2027-31	161,714	66,181
2032-36	193,511	23,634
Total	<u>\$ 483,386</u>	<u>\$ 189,549</u>

VIII. Leases

At September 30, 2021 and 2020, the Agency had entered into various lease agreements. These leases are merely financing arrangements in which the Agency has provided tax incentives or acts only as a financing conduit. Therefore, the Agency does not record these transactions in its financial records.

IX. Litigation

The Agency has been named a co-defendant in a lawsuit for a foreclosure on a property. It is anticipated the Agency should be dismissed from the case due to the hold harmless indemnity provisions contained in all transaction documents.

X. COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Agency’s financial condition, liquidity, budgetary projections and future results of operation. Management is actively monitoring the global situation on its financial condition, liquidity, budgetary projections, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Agency is not able to estimate the effects of the COVID-19 outbreak on its budgetary projections, results of operations, financial condition, or liquidity for year 2022.

**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
New York**

COMBINING STATEMENT OF NET POSITION

September 30, 2021

ASSETS:	Operating Fund	Industrial Park	Enterprise Development Center	Reclassifications and Eliminations	Total 2021
<u>Current Assets -</u>					
Cash and cash equivalents	\$ 40,803	\$ 94,395	\$ 8,921	\$ -	\$ 144,119
Certificates of deposit	-	30,000	-	-	30,000
Due from GEDC	90,010	-	-	(90,010)	-
Total Current Assets	\$ 130,813	\$ 124,395	\$ 8,921	\$ (90,010)	\$ 174,119
<u>Noncurrent Assets -</u>					
Investment in City of Geneva Industrial Park	\$ 14,240	\$ -	\$ -	\$ (14,240)	\$ -
Land held for development and sale	27,617	123,622	-	-	151,239
Total Noncurrent Assets	\$ 41,857	\$ 123,622	\$ -	\$ (14,240)	\$ 151,239
<u>Capital Assets -</u>					
Land	\$ -	\$ -	\$ 425,000	\$ -	\$ 425,000
Work in Progress	-	-	356,227	-	356,227
Buildings, net	-	-	2,831,293	-	2,831,293
Total Capital Assets	\$ -	\$ -	\$ 3,612,520	\$ -	\$ 3,612,520
TOTAL ASSETS	\$ 172,670	\$ 248,017	\$ 3,621,441	\$ (104,250)	\$ 3,937,878
<u>LIABILITIES:</u>					
<u>Current Liabilities -</u>					
Security deposits	\$ -	\$ -	\$ 15,153	\$ -	\$ 15,153
Due to IDA	-	-	90,010	(90,010)	-
Total Current Liabilities	\$ -	\$ -	\$ 105,163	\$ (90,010)	\$ 15,153
<u>Noncurrent Liabilities -</u>					
Due to other governments	\$ -	\$ 86,973	\$ -	\$ -	\$ 86,973
Note payable:					
Due and payable within one year	-	-	23,305	-	23,305
Due and payable after one year	-	-	460,081	-	460,081
Total Noncurrent Liabilities	\$ -	\$ 86,973	\$ 483,386	\$ -	\$ 570,359
TOTAL LIABILITIES	\$ -	\$ -	\$ 588,549	\$ (90,010)	\$ 585,512
<u>NET POSITION:</u>					
Net investment in capital assets	\$ -	\$ -	\$ 3,129,134	\$ -	\$ 3,129,134
Unrestricted	172,670	161,044	(96,242)	(14,240)	223,232
TOTAL NET POSITION	\$ 172,670	\$ 161,044	\$ 3,032,892	\$ (14,240)	\$ 3,352,366

**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
New York**

**COMBINING STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN NET POSITION**

For Year Ended September 30, 2021

	Operating Fund	Industrial Park	Enterprise Development Center	Reclassifications and Eliminations	Total 2021
<u>OPERATING REVENUES:</u>					
Rental income	\$ -	\$ 25,920	\$ 250,381	\$ -	\$ 276,301
Other revenues	7,590	-	7,680	-	15,270
TOTAL OPERATING REVENUES	<u>\$ 7,590</u>	<u>\$ 25,920</u>	<u>\$ 258,061</u>	<u>\$ -</u>	<u>\$ 291,571</u>
<u>OPERATING EXPENSES:</u>					
Administrative	\$ 35,904	\$ -	\$ 57,171	\$ -	\$ 93,075
Depreciation	-	-	140,816	-	140,816
Professional fees	77,279	3,500	26,016	-	106,795
Repairs and maintenance	-	-	49,454	-	49,454
Utilities	-	-	80,428	-	80,428
TOTAL OPERATING EXPENSES	<u>\$ 113,183</u>	<u>\$ 3,500</u>	<u>\$ 353,885</u>	<u>\$ -</u>	<u>\$ 470,568</u>
OPERATING INCOME (LOSS)	<u>\$ (105,593)</u>	<u>\$ 22,420</u>	<u>\$ (95,824)</u>	<u>\$ -</u>	<u>\$ (178,997)</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>					
Interest revenue	\$ 430	\$ -	\$ -	\$ -	\$ 430
Miscellaneous revenue	18,626	-	-	-	18,626
Miscellaneous expense	(3,232)	-	-	-	(3,232)
Interest expense	-	-	(23,492)	-	(23,492)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>\$ 15,824</u>	<u>\$ -</u>	<u>\$ (23,492)</u>	<u>\$ -</u>	<u>\$ (7,668)</u>
INCREASE (DECREASE) IN NET POSITION	<u>\$ (89,769)</u>	<u>\$ 22,420</u>	<u>\$ (119,316)</u>	<u>\$ -</u>	<u>\$ (186,665)</u>
NET POSITION - BEGINNING OF YEAR	<u>262,439</u>	<u>138,624</u>	<u>3,152,208</u>	<u>(14,240)</u>	<u>3,539,031</u>
NET POSITION - END OF YEAR	<u>\$ 172,670</u>	<u>\$ 161,044</u>	<u>\$ 3,032,892</u>	<u>\$ (14,240)</u>	<u>\$ 3,352,366</u>

**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
New York**

COMBINING STATEMENT CASH FLOWS

For Year Ended September 30, 2021

	Operating Fund	Industrial Park	Enterprise Development Center	Total 2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Cash received from providing services	\$ 7,590	\$ 25,920	\$ 259,742	\$ 293,252
Cash payments contractual expenses	(113,183)	(3,500)	(213,069)	(329,752)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (105,593)</u>	<u>\$ 22,420</u>	<u>\$ 46,673</u>	<u>\$ (36,500)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>				
Principal payments on note payable	\$ -	\$ -	\$ (22,087)	\$ (22,087)
Interest paid on note payable	-	-	(23,492)	(23,492)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (45,579)</u>	<u>\$ (45,579)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Miscellaneous revenues/(expenses)	\$ 15,394	\$ -	\$ -	\$ 15,394
Interest income	430	-	-	430
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>\$ 15,824</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,824</u>
NET INCREASE (DECREASE) IN CASH	\$ (89,769)	\$ 22,420	\$ 1,094	\$ (66,255)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	130,572	101,975	7,827	240,374
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 40,803</u>	<u>\$ 124,395</u>	<u>\$ 8,921</u>	<u>\$ 174,119</u>
OPERATING INCOME (LOSS)	<u>\$ (105,593)</u>	<u>\$ 22,420</u>	<u>\$ (95,824)</u>	<u>\$ (178,997)</u>
<u>Adjustments to Reconcile Net Income to Net Cash Flows from Operating Activities -</u>				
Depreciation expense	\$ -	\$ -	\$ 140,816	\$ 140,816
Increase / (decrease) in liabilities	-	-	1,681	1,681
Total Adjustments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 142,497</u>	<u>\$ 142,497</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (105,593)</u>	<u>\$ 22,420</u>	<u>\$ 46,673</u>	<u>\$ (36,500)</u>

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
New York

SCHEDULE OF LEASE AGREEMENTS WITH THE AGENCY

For Year Ended September 30, 2021

1. Name of Lessee: Ramada Inn
Address of Lessee: 1 Lakefront Drive
Geneva, New York 14456
Date of Lease: 1997
Date of Expiration: 12/31/2027

2. Name of Lessee: Guardian Industries
Address of Lessee: Forge Avenue
Geneva, New York 14456
Date of Lease: 2018
Date of Expiration: 01/31/2036

3. Name of Lessee: Zotos International
Address of Lessee: 300 Forge Avenue
Geneva, New York 14456
Date of Lease: 1997
Date of Expiration: 05/01/2022

4. Name of Lessee: Wine Country Hospitality, LLC
Address of Lessee: 383 Hamilton Street
Geneva, New York 14456
Date of Lease: 2016
Date of Expiration: 12/31/2031

5. Name of Lessee: N.P. Massa, LLC
Address of Lessee: 470 Exchange Street
Geneva, New York 14456

Date of Lease: 2017
Date of Expiration: 12/31/2037

6. Name of Lessee: Geneva, LLC
Address of Lessee: White Springs
Geneva, New York 14456

Date of Lease: 2013
Date of Expiration: 12/31/2022

7. Name of Lessee: Geneva Shopping Center, LLC
Address of Lessee: Hamilton Street
Geneva, New York 14456

Date of Lease: 2013
Date of Expiration: 12/31/2027

8. Name of Lessee: DCMB Ventures, LLC
Address of Lessee: 459-465 Exchange Street
Geneva, New York 14456

Date of Lease: 2021
Date of Expiration: 12/31/2036

**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
City of Geneva
Industrial Development Agency
New York

We were engaged to audit, 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 business-type activities, and the aggregate remaining fund information of the City of Geneva Industrial Development Agency, New York, (Agency) as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City of Geneva Industrial Development Agency, New York's basic financial statements, and have issued our report thereon dated May 31, 2022. Our report disclaims an opinion on such financial statements because the Agency has not maintained certain accounting records and supporting documents relating to transactions with its customers and suppliers, nor is the Agency's internal control adequate to provide safeguards over Agency assets and to assure the proper recording of transactions as of and for the year ended September 30, 2021. Accordingly, we were unable to extend our auditing procedures sufficiently to determine the extent to which the financial statements may have been affected by these conditions.

Internal Control Over Financial Reporting

In connection with our engagement to audit the financial statements, we considered the City of Geneva Industrial Development Agency, New York's internal control over financial reporting (internal control) as a basis for designing 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 City of Geneva Industrial Development Agency, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Geneva Industrial Development Agency, New York's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify certain deficiencies in internal control that we consider to be material weaknesses.

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 Agency'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 as item 2021-001 to be a material weakness.

Compliance and Other Matters

In connection with our engagement to audit the financial statements of the City of Geneva Industrial Development Agency, New York 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 financial statements. 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and responses as item 2021-002. Additionally, if the scope of our work had been sufficient to enable us to express an opinion on the financial statements, other instances of noncompliance or other matters may have been identified and reported herein.

Agency's Response to Findings

The Agency's responses to the findings identified in the engagement is described in the accompanying schedule of findings and responses. The Agency's responses were not subjected to the auditing procedures applied in the engagement to 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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
May 31, 2022

**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
New York**

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended September 30, 2021

I. Summary of the Auditor's Results

Financial Statements

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

II. Financial Statement Findings

2021-001 Accounting Records and Oversight

Criteria: An entity must maintain accounting records as transactions occur to ensure that financial activity is complete, accurate and is in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Condition: During the audit it was discovered that several material audit adjustments were needed to correct beginning equity and current year activity as a result of prior year audit adjustments not being recorded. Additionally, we were unable to obtain and examine documentation related to certain transactions that were recorded during the current fiscal year, or to support balances reported at year end.

Cause: Lack of sufficient fiscal oversight and monitoring surrounding, and transition of, the management services companies.

Effect: This material weakness could result in an increased risk that accounting errors or fraud could occur and not be detected and financial reports could be misstated.

Recommendation: We recommend that a process be implemented to ensure all transactions are being properly reported in the accounting system and that all bank statements are reconciled to the general ledger monthly to ensure all activity has been captured. Additionally, we recommend that all audit adjustments are recorded on the accounting system to ensure accurate information is being reported to the Board. We also recommend the Board perform timely fiscal monitoring to ensure the general ledger is being maintained and updated as activity occurs, and to review formal bank reconciliations to ensure that they tie to the general ledger reports.

Views of Responsible Officials and Planned Corrective Actions: Since the end of the 2020-21 fiscal year, management of the IDA has transitioned. New management has standardized bookkeeping practices and begun providing financial statements for review at the monthly board meetings. The property management of GEDC also changed during the 2020-21 fiscal year, and the new property manager (Webster Properties) has already substantially improved financial reporting and record keeping. The record keeping shortfalls related to GEDC date back to the prior property manager.

Moving forward, IDA management will ensure that: 1) audit adjustments are recorded, 2) IDA and Park Partnership bank accounts are reconciled on a monthly basis and provided to the board treasurer for review, 3) the board receives written financial statements on a monthly basis. Webster Properties maintains the GEDC books and provides monthly financial statements to the board. Management will confirm that GEDC bank accounts are being reconciled on a monthly basis.

III. Compliance Findings

2021-002 Annual Report and Independent Audit Report

Observation: The IDA must submit a copy of the annual report, independent audit report, a management letter, and any other external examination of the books and accounts of the Agency within 90 days after its fiscal year end. This did not occur for the year ended September 30, 2021 and September 30, 2020 as the audit report was unable to be issued timely.

Recommendation: We recommend the IDA ensure an independent audit and related audit report are able to be completed timely to ensure this requirement is met.

Views of Responsible Officials and Planned Corrective Actions: The IDA board and management will, to the extent that it is within their control, ensure that an audit firm is engaged and ready to begin audit work earlier in the year to avoid late filings. Additionally, the process adjustments noted above in 2021-001 should help to ensure that the accounting records are in order and substantially accurate.

Independent Auditors' Report

To the Board of Directors
City of Geneva
Industrial Development Agency
New York

We have examined the City of Geneva Industrial Development Agency, New York, (the Agency)'s, compliance with its own investment guidelines, the New York State Comptroller's Investment Guidelines, and Section 2925 of the New York State Public Authorities Law (collectively, investment guidelines) during the period October 1, 2020 to September 30, 2021. The management of the Agency is responsible for the Agency's compliance with the specified requirements. Our responsibility is to express an opinion on the Agency's compliance with the specified requirements based on our examination

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Agency complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specified requirements. The nature, timing, and extent of the procedures selected depending on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Agency's compliance with specified requirements.

In our opinion, the Agency complied, in all material respects, with its own investment guidelines, the New York State Comptroller's Investment Guidelines, and Section 2925 of the New York State Public Authorities Law (collectively, investment guidelines) during the period October 1, 2020 to September 30, 2021.

Mengel, Metzger, Barr & Co. LLP

Rochester, New York
May 31, 2022

**CITY OF GENEVA
INDUSTRIAL DEVELOPMENT AGENCY**

NEW YORK

**COMMUNICATING INTERNAL CONTROL
RELATED MATTERS IDENTIFIED IN AN AUDIT**

For Year Ended September 30, 2021



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

May 31, 2022

To the Board of Directors
City of Geneva
Industrial Development Agency
New York

In planning and performing our audit of the financial statements of the City of Geneva Industrial Development Agency, New York as of and for the year ended September 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered Agency's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to material weaknesses.

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 Agency's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in internal control to be a material weakness.

Material Weakness in Internal Control:

Accounting Records and Oversight –

During the audit it was discovered that several material audit adjustments were needed to correct beginning equity and current year activity as a result of prior year audit adjustments not being recorded. Additionally, we were unable to obtain and examine documentation related to certain transactions that were recorded during the current fiscal year, or to support balances reported at year end. This material weakness could result in an increased risk that accounting errors or fraud could occur and not be detected and financial reports could be misstated.

We recommend that a process be implemented to ensure all transactions are being properly reported in the accounting system and that all bank statements are reconciled to the general ledger monthly to ensure all activity has been captured. Additionally, we recommend that all audit adjustments are recorded on the accounting system to ensure accurate information is being reported to the Board. We also recommend the Board perform timely fiscal monitoring to ensure the general ledger is being maintained and updated as activity occurs, and to review formal bank reconciliations to ensure that they are in agreement with the general ledger reports.

Current Year Deficiency in Internal Control:

Annual Report Submission –

The IDA must submit a copy of the annual report, independent audit report, a management letter, and any other external examination of the books and accounts of the Agency within 90 days after its fiscal year end. This did not occur for the year ended September 30, 2021 as the audit report was unable to be issued timely.

We recommend the IDA ensure an independent audit and related audit report are able to be completed timely to ensure this reporting requirement is met.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

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We wish to express our appreciation to all client personnel for the courtesies extended to us during the course of our examination.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
May 31, 2022