

**AUDITED  
BASIC COMBINED FINANCIAL STATEMENTS**

**CITY OF GENEVA  
INDUSTRIAL DEVELOPMENT AGENCY AND  
AFFILIATES**

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**SEPTEMBER 30, 2019**

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## **FINANCIAL SECTION**

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## **Independent Auditor's Report**

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

### **Report on the Combined Financial Statements**

We have audited the accompanying combined financial statements of the City of Geneva Industrial Development Agency and Affiliates (the Agency) as of and for the year ended September 30, 2019, and the related notes to the combined financial statements, which collectively comprise the Agency's basic combined financial statements as listed in the table of contents.

### ***Management's Responsibility for the Combined Financial Statements***

Management is responsible for the preparation and fair presentation of these combined 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 the combined 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 combined financial statements based on conducting the 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. 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, 2019. Accordingly, we were unable to extend our auditing procedures sufficiently to determine the extent to which the combined 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 on the basic combined financial statements as of and for the year ended September 30, 2019. Accordingly, we do not express an opinion on these combined financial statements.

## **Other Matters**

### *Report on 2018 Combined Financial Statements*

The combined financial statements of the Agency as of September 30, 2018, were audited by us, and we expressed an unmodified opinion on them in our report, dated February 20, 2020.

### *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 combined financial statements. Such missing information, although not a part of the basic combined 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 combined financial statements in an appropriate operational economic, or historical context. Our opinion on the basic combined financial statements is not affected by this missing information.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the combined financial statements that collectively comprise the Agency's basic combined financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic combined financial statements.

The combined statements of net position and the combined statements of revenues, expenses and changes in net position are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic combined financial statements or to the basic combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combined statements of net position and the combined schedules of revenues, expenses and changes in net position are fairly stated in all material respects in relation to the basic combined financial statements taken as a whole.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2020 on our consideration of the Agency'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 solely 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 the Agency's 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 Agency's internal control over financial reporting and compliance.

*Freed Maxick CPAs, P.C.*

Batavia, New York  
November 16, 2020



**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY AND AFFILIATES  
 COMBINED STATEMENTS OF NET POSITION  
 SEPTEMBER 30,**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 170,717	\$ 183,353
Certificates of deposit	134,285	227,586
Total current assets	<u>305,002</u>	<u>410,939</u>
Capital assets		
Land	425,000	425,000
Construction work in progress	356,227	356,227
Building, net	<u>3,112,925</u>	<u>3,254,815</u>
Total capital assets, net	<u>3,894,152</u>	<u>4,036,042</u>
Other assets		
Land held for development and sale	<u>151,239</u>	<u>151,239</u>
Total other assets	<u>151,239</u>	<u>151,239</u>
Total assets	<u>\$ 4,350,393</u>	<u>\$ 4,598,220</u>
<b>LIABILITIES AND NET POSITION</b>		
Current liabilities		
Accounts payable	\$ -	\$ 123,562
Security deposits	<u>13,472</u>	<u>13,472</u>
Total current liabilities	<u>13,472</u>	<u>137,034</u>
Noncurrent liabilities		
Due to other governments	73,393	54,326
Note payable		
Due and payable within one year	21,083	20,177
Due and payable after one year	<u>505,473</u>	<u>526,557</u>
Total noncurrent liabilities	<u>599,949</u>	<u>601,060</u>
Total liabilities	613,421	738,094
<b>NET POSITION</b>		
Net investment in capital assets	3,367,596	3,489,308
Unrestricted	<u>369,376</u>	<u>370,818</u>
Total net position	<u>3,736,972</u>	<u>3,860,126</u>
Total liabilities and net position	<u>\$ 4,350,393</u>	<u>\$ 4,598,220</u>

See accompanying notes.

**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY AND AFFILIATES  
 COMBINED STATEMENTS OF REVENUES, EXPENSES  
 AND CHANGES IN NET POSITION  
 FOR THE YEARS ENDED SEPTEMBER 30,**

	<u>2019</u>	<u>2018</u>
<b>OPERATING REVENUES</b>		
Rental income	\$ 266,061	\$ 182,460
Administration fee revenue	50,000	100,000
Other revenues	3,583	5,075
Total operating revenues	<u>319,644</u>	<u>287,535</u>
<b>OPERATING EXPENSES</b>		
Administrative	64,067	79,633
Depreciation	141,890	125,373
Equipment rental	283	2,921
Insurance	-	20,458
Professional fees	8,442	81,506
Repairs and maintenance	61,829	37,395
Supplies	200	-
Utilities	85,832	18,660
Total operating expenses	<u>362,543</u>	<u>365,946</u>
Operating loss	(42,899)	(78,411)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Sale of property, net of closing costs	57,424	-
Sale proceeds paid to City of Geneva	(36,309)	-
Sale proceeds paid to Ontario County IDA	(12,668)	-
Miscellaneous expense	(63,301)	-
State grant - Restore NY	-	500,000
Interest expense	(25,401)	(24,874)
Total nonoperating revenues (expenses)	<u>(80,255)</u>	<u>475,126</u>
Change in net position	(123,154)	396,715
Net position - beginning of year	<u>3,860,126</u>	<u>3,463,411</u>
Net position - end of year	<u>\$ 3,736,972</u>	<u>\$ 3,860,126</u>

See accompanying notes.

**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY AND AFFILIATES  
COMBINED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30,**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from providing services	\$ 316,061	\$ 285,641
Payments to service providers and suppliers	(344,215)	(156,054)
Other revenues	3,583	5,075
Net cash provided (used) by operating activities	<u>(24,571)</u>	<u>134,662</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Repayment on line of credit	-	(469,057)
Interest paid on line of credit	-	(18,325)
Proceeds on note payable	-	551,701
Principal payments on note payable	(20,178)	(4,967)
Interest paid on note payable	(25,401)	(6,549)
Net cash provided (used) noncapital financing activities	<u>(45,579)</u>	<u>52,803</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	-	(596,761)
Proceeds from state grant	-	500,000
Net proceeds from joint venture	19,067	21,901
Net cash provided (used) by capital and related financing activities	<u>19,067</u>	<u>(74,860)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from the sale of property, net of closing costs	57,424	-
Proceeds paid from the sale of property to City of Geneva	(36,309)	-
Proceeds paid from the sale of property to Onario County IDA	(12,668)	-
Payments for miscellaneous expense	(63,301)	-
Net cash used by investing activities	<u>(54,854)</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(105,937)	112,605
Cash and cash equivalents - beginning of the year	410,939	298,334
Cash and cash equivalents - end of the year	<u>\$ 305,002</u>	<u>\$ 410,939</u>
<b>Reconciliation of operating loss</b>		
<b>to net cash provided (used) by operating activities:</b>		
Operating loss	\$ (42,899)	\$ (78,411)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	141,890	125,373
Decrease in accounts receivable	-	4,704
Increase (decrease) accounts payable	(123,562)	79,519
Increase in security deposits	-	5,000
(Decrease) unearned revenue	-	(1,523)
Net cash provided (used) by operating activities	<u>\$ (24,571)</u>	<u>\$ 134,662</u>
<b>Reconciliation of Unrestricted and Restricted Cash and Cash Equivalents:</b>		
Cash and cash equivalents - unrestricted	\$ 170,717	\$ 183,353
Cash and cash equivalents - restricted	134,285	227,586
Total cash and cash equivalents	<u>\$ 305,002</u>	<u>\$ 410,939</u>

See accompanying notes.

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**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO BASIC FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

The City of Geneva Industrial Development Agency (the Agency) is a public benefit corporation which was established under the mandate of Article 18-A, "New York State Industrial Development Agency Act" of New York State General Municipal Law.

Financial Reporting Entity

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 this law, the Agency is required to make certain information available to the public.

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.

The Agency maintains joint ownership in the City of Geneva Industrial Park, along with the Ontario County Industrial Development Agency (IDA) and the City of Geneva (City). 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.

Basis of Presentation

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.

Net Position

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets less related debt.
- b. Unrestricted net position - All other net position that does not meet the definition of "Investment in capital assets".

Measurement Focus and Basis of Accounting

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 fiscal year in which all eligibility requirements have been satisfied.

**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO BASIC FINANCIAL STATEMENTS**

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Receivables

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.

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 from the accounts and any gain or loss is reflected in income. Depreciation expense amounted to \$141,890 and \$125,373 for fiscal years ended September 30, 2019 and 2018, respectively.

Use of Estimates in Preparation of Financial Statements

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 revenue and expenses during the reporting periods. Actual results could differ from those estimates.

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 combined financial statements.

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.

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.

Statement of Cash Flows

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

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.

**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO BASIC FINANCIAL STATEMENTS**

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New Accounting Pronouncements

The following are GASB Statements that have been issued recently and are currently being evaluated, by the Agency, for their potential impact in future years.

- Statement No. 83, *Certain Asset Retirement Obligations*, which will be effective for the year ending September 30, 2020.
- Statement No. 84, *Fiduciary Activities*, which will be effective for the year ending September 30, 2021.
- Statement No. 87, *Leases*, which will be effective for the year ending September 30, 2022.
- Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, which will be effective for the year ending September 30, 2021.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for the year ending September 30, 2022.
- Statement No. 90, *Majority Equity Interests-an Amendment of GASB Statements No. 14 and 61*, which will be effective for the year ending September 30, 2021.
- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending September 30, 2023.
- Statement No. 92, *Omnibus 2020*, which will be effective for the year ending September 30, 2022.
- Statement No. 93, *Replacement of Interbank Offered Rates*, which will be effective for the year ending September 30, 2022.
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for the year ending September 30, 2023.

On May 8, 2020, the GASB issued Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* in response to the COVID-19 pandemic. The effective dates of GASB Statements not yet implemented by the Agency have been updated above to reflect the impact of this Statement.

**NOTE 2 - 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 the State of New York and 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, 2019.

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.

**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO BASIC FINANCIAL STATEMENTS**

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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 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. 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 Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.

**NOTE 3 - 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 relating to these investments have been capitalized. During the current year the Agency sold a property that was previously donated to the Agency in the amount of \$58,800 with the Agency recognizing net proceeds in the amount of \$57,424. The Agency had not reported the donated property in prior year financial statements. Per the agreement with the City and the IDA amounts disbursed to these entities from the sale proceeds amounted to \$36,309 and \$12,668, respectively.

**NOTE 4 - CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2019, was as follows:

	<u>Balance</u> <u>10/1/18</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>9/30/19</u>
Capital assets not being depreciated:				
Land	\$ 425,000	\$ -	\$ -	\$ 425,000
Construction work in progress	<u>356,227</u>	<u>-</u>	<u>-</u>	<u>356,227</u>
Total capital assets not being depreciated	<u>781,227</u>	<u>-</u>	<u>-</u>	<u>781,227</u>
Capital assets being depreciated:				
Buildings	3,825,000	-	-	3,825,000
Improvements	<u>1,505,881</u>	<u>-</u>	<u>-</u>	<u>1,505,881</u>
Total capital assets, being depreciated	<u>5,330,881</u>	<u>-</u>	<u>-</u>	<u>5,330,881</u>



**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO BASIC FINANCIAL STATEMENTS**

	Balance 10/1/18	Increases	Decreases	Balance 9/30/19
Less accumulated depreciation:				
Buildings	1,760,692	95,625	-	1,856,317
Infrastructure	315,374	46,265	-	361,639
Total accumulated depreciation	2,076,066	141,890	-	2,217,956
Total capital assets being depreciated, net	3,254,815	(141,890)	-	3,112,925
Capital assets, net	\$ 4,036,042	\$ (141,890)	\$ -	\$ 3,894,152

Capital asset activity for the year ended September 30, 2018, was as follows:

	Balance 10/1/17	Increases	Decreases	Balance 9/30/18
Capital assets not being depreciated:				
Land	\$ 425,000	\$ -	\$ -	\$ 425,000
Construction work in progress	356,227	-	-	356,227
Total capital assets not being depreciated	781,227	-	-	781,227
Capital assets being depreciated:				
Buildings	3,825,000	-	-	3,825,000
Improvements	909,120	596,761	-	1,505,881
Total capital assets, being depreciated	4,734,120	596,761	-	5,330,881
Less accumulated depreciation:				
Buildings	1,665,067	95,625	-	1,760,692
Infrastructure	285,626	29,748	-	315,374
Total accumulated depreciation	1,950,693	125,373	-	2,076,066
Total capital assets being depreciated, net	2,783,427	471,388	-	3,254,815
Capital assets, net	\$ 3,564,654	\$ 471,388	\$ -	\$ 4,036,042

**NOTE 5 - 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 (the 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<sup>st</sup> 1989. Initial capital contribution, future contributions, title to the property and voting shares are also included in the Joint Venture Agreement.

**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO BASIC FINANCIAL STATEMENTS**

The majority of the increase in the amounts owed to the City of Geneva and Ontario County IDA are a result of grant funds provided to the GEDC to fund the E-Waste cleanup in the amounts of \$73,393 and \$54,326 at September 30, 2019 and 2018, respectively.

	<u>2019</u>	<u>2018</u>
Joint Venture:		
City of Geneva	\$ 54,409	\$ 40,273
Ontario County IDA	<u>18,984</u>	<u>14,053</u>
Total due to other governments - joint venture	<u>\$ 73,393</u>	<u>\$ 54,326</u>

**NOTE 6 - 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.

**NOTE 7 - LONG-TERM LIABILITIES**

**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, 2019, is as follows:

<u>Issue Description</u>	<u>Original Issue Date</u>	<u>Original Borrowing</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>	<u>Outstanding Balance 9/30/19</u>
122 N. Genesee Street	2018	\$ 551,701	Variable	2036	\$ 526,556

**CHANGES IN LONG-TERM LIABILITIES**

Changes in the Agency's long-term liabilities for the year ended September 30, 2019, are as follows:

	<u>Balance 10/1/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/19</u>	<u>Due Within One Year</u>
Note payable:					
122 N. Genesee Street	\$ 546,734	\$ -	\$ 20,178	\$ 526,556	\$ 21,083

**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY  
NOTES TO BASIC FINANCIAL STATEMENTS**

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The debt service requirements for the Agency's notes are as follows:

Year ending September 30,	Notes	
	Principal	Interest
2020	\$ 21,083	\$ 24,496
2021	22,170	23,409
2022	23,240	22,339
2023	24,362	21,217
2024	25,482	20,097
2025-2029	147,365	80,530
2030-2034	186,565	41,330
2035-2038	76,289	3,351
Total	\$ <u>526,556</u>	\$ <u>236,769</u>

**NOTE 8 - LEASES**

At September 30, 2019 and 2018, 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.

**NOTE 9 - FUTURE MINIMUM RENTAL PAYMENTS**

At September 30, 2019, future minimum rental payments under rental leases are approximately as followed:

2020	\$ 57,936
2021	57,936

**NOTE 10 - SUBSEQUENT EVENT**

Subsequent to year end the Agency received a notification dated September 22, 2020 from the New York State Office of State Comptroller that the Agency's authority to provide exemptions from state taxes under General Municipal Law section 874 for development projects has been suspended until all report filings as required by the New York State Office of State Comptroller and the New York State Authority Budget Office have been submitted.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. Management has discussed the IDA's operations and the impact of this event. They have determined that this event will likely not have a significant impact on the assets or operations of the IDA.

Management has evaluated subsequent events through November 16, 2020 which is the date the financial statements are available for issuance and have determined there are no subsequent events that require disclosure under generally accepted accounting principles other than the event noted in the above paragraph.

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## **SUPPLEMENTARY INFORMATION**

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**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY AND AFFILIATES  
SCHEDULE OF LEASE AGREEMENTS WITH THE AGENCY  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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1	Name of Lessee:	Ramada Inn
	Address of Lessee:	1 Lakefront Drive Geneva, NY 14456
	Date of Lease:	1997
	Date of Expiration:	12/31/2027
2	Name of Lessee:	Guardian Industries
	Address of Lessee:	Forge Avenue Geneva, NY 14456
	Date of Lease:	2018
	Date of Expiration:	1/31/2036
3	Name of Lessee:	Zotos International
	Address of Lessee:	300 Forge Avenue Geneva, NY 14456
	Date of Lease:	1997
	Date of Expiration:	5/1/2022
4	Name of Lessee:	Wine Country Hospitality LLC
	Address of Lessee:	383 Hamilton Street Geneva, NY 14456
	Date of Lease:	2016
	Date of Expiration:	12/31/2031

**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY AND AFFILIATES  
SCHEDULE OF LEASE AGREEMENTS WITH THE AGENCY  
FOR THE YEAR ENDED SEPTEMBER 30, 2019  
(CONTINUED)**

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5	Name of Lessee:	N.P. Massa, LLC
	Address of Lessee:	470 Exchange Street Geneva, NY 14456
	Date of Lease:	2017
	Date of Expiration:	12/31/2037
6	Name of Lessee:	Geneva LLC
	Address of Lessee:	White Springs Geneva, NY 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, NY 14456
	Date of Lease:	2013
	Date of Expiration:	12/31/2027



**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY AND AFFILIATES  
COMBINING STATEMENT OF NET POSITION  
SEPTEMBER 30, 2019**

	City of Geneva Industrial Development Agency	City of Geneva Industrial Park	Geneva Enterprise Development Center	Reclassifications and Eliminations	<b>Total</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 71,386	\$ 86,052	\$ 13,279	\$ -	\$ 170,717
Certificates of deposit	134,285	-	-	-	134,285
Due from GEDC	90,010	-	-	(90,010) (1)	-
Total current assets	<u>295,681</u>	<u>86,052</u>	<u>13,279</u>	<u>(90,010)</u>	<u>305,002</u>
Capital assets:					
Land	-	-	425,000	-	425,000
Construction work in progress	-	-	356,227	-	356,227
Building, net	-	-	3,112,925	-	3,112,925
Total capital assets, net	<u>-</u>	<u>-</u>	<u>3,894,152</u>	<u>-</u>	<u>3,894,152</u>
Other assets:					
Investment in City of Geneva Industrial Park	14,240	-	-	(14,240) (1)	-
Land held for development and sale	<u>27,617</u>	<u>123,622</u>	<u>-</u>	<u>-</u>	<u>151,239</u>
Total other assets	<u>41,857</u>	<u>123,622</u>	<u>-</u>	<u>(14,240)</u>	<u>151,239</u>
Total assets	<u>\$ 337,538</u>	<u>\$ 209,674</u>	<u>\$ 3,907,431</u>	<u>\$ (104,250)</u>	<u>\$ 4,350,393</u>

(1) Elimination of interagency transactions.

**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY AND AFFILIATES**  
**COMBINING STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2019**  
**(CONTINUED)**

	City of Geneva Industrial Development Agency	City of Geneva Industrial Park	Geneva Enterprise Development Center	Reclassifications and Eliminations	<b>Total</b>
<b>LIABILITIES AND NET POSITION</b>					
Current liabilities:					
Due to IDA	\$ -	\$ -	\$ 90,010	\$ (90,010) (1)	\$ -
Security deposits	-	-	13,472	-	<b>13,472</b>
Total current liabilities	<u>-</u>	<u>-</u>	<u>103,482</u>	<u>(90,010)</u>	<u><b>13,472</b></u>
Noncurrent liabilities:					
Due to other governments - joint venture	-	73,393	-	-	<b>73,393</b>
Note payable					
Due and payable within one year	-	-	21,083	-	<b>21,083</b>
Due and payable after one year	-	-	505,473	-	<b>505,473</b>
Total noncurrent liabilities	<u>-</u>	<u>73,393</u>	<u>526,556</u>	<u>-</u>	<u><b>599,949</b></u>
Total liabilities	-	73,393	630,038	(90,010)	<b>613,421</b>
Net position:					
Net investment in capital assets	-	-	3,367,596	-	<b>3,367,596</b>
Unrestricted	<u>337,538</u>	<u>136,281</u>	<u>(90,203)</u>	<u>(14,240) (1)</u>	<u><b>369,376</b></u>
Total net position	<u>337,538</u>	<u>136,281</u>	<u>3,277,393</u>	<u>(14,240)</u>	<u><b>3,736,972</b></u>
Total liabilities and net position	<u>\$ 337,538</u>	<u>\$ 209,674</u>	<u>\$ 3,907,431</u>	<u>\$ (104,250)</u>	<u>\$ <b>4,350,393</b></u>

(1) Elimination of interagency transactions.

**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY AND AFFILIATES  
COMBINING STATEMENT OF NET POSITION  
SEPTEMBER 30, 2018**

	City of Geneva Industrial Development Agency	City of Geneva Industrial Park	Geneva Enterprise Development Center	Reclassifications and Eliminations	Total
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 92,664	\$ 63,696	\$ 26,993	\$ -	\$ 183,353
Certificates of deposit	227,586	-	-	-	227,586
Accounts receivable, net	-	-	76,601	(76,601) (1)	-
Due From GEDC	90,010	-	-	(90,010) (1)	-
Total current assets	<u>410,260</u>	<u>63,696</u>	<u>103,594</u>	<u>(166,611)</u>	<u>410,939</u>
Capital assets:					
Land	-	-	425,000	-	425,000
Construction work in progress	-	-	356,227	-	356,227
Building, net	-	-	3,254,815	-	3,254,815
Total capital assets, net	<u>-</u>	<u>-</u>	<u>4,036,042</u>	<u>-</u>	<u>4,036,042</u>
Other assets:					
Investment in City of Geneva Industrial Park	14,240	-	-	(14,240) (1)	-
Land held for development and sale	<u>27,617</u>	<u>123,622</u>	<u>-</u>	<u>-</u>	<u>151,239</u>
Total other assets	<u>41,857</u>	<u>123,622</u>	<u>-</u>	<u>(14,240)</u>	<u>151,239</u>
Total assets	<u>\$ 452,117</u>	<u>\$ 187,318</u>	<u>\$ 4,139,636</u>	<u>\$ (180,851)</u>	<u>\$ 4,598,220</u>

(1) Elimination of interagency transactions.

**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY AND AFFILIATES**  
**COMBINING STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2018**  
**(CONTINUED)**

	City of Geneva Industrial Development Agency	City of Geneva Industrial Park	Geneva Enterprise Development Center	Reclassifications and Eliminations	Total
<b>LIABILITIES AND NET POSITION</b>					
Current liabilities:					
Accounts payable	\$ 94,601	\$ -	\$ 105,562	\$ (76,601) (1)	\$ 123,562
Due to IDA	-	-	90,010	(90,010) (1)	-
Security deposits	-	-	13,472	-	13,472
Total current liabilities	<u>94,601</u>	<u>-</u>	<u>209,044</u>	<u>(166,611)</u>	<u>137,034</u>
Noncurrent liabilities:					
Due to other governments - joint venture	-	54,326	-	-	54,326
Note payable					
Due and payable within one year	-	-	20,177	-	20,177
Due and payable after one year	-	-	526,557	-	526,557
Total noncurrent liabilities	<u>-</u>	<u>54,326</u>	<u>546,734</u>	<u>-</u>	<u>601,060</u>
Total liabilities	94,601	54,326	755,778	(166,611)	738,094
Net position:					
Net investment in capital assets	-	-	3,489,308	-	3,489,308
Unrestricted	<u>357,516</u>	<u>132,992</u>	<u>(105,450)</u>	<u>(14,240) (1)</u>	<u>370,818</u>
Total net position	<u>357,516</u>	<u>132,992</u>	<u>3,383,858</u>	<u>(14,240)</u>	<u>3,860,126</u>
Total liabilities and net position	<u>\$ 452,117</u>	<u>\$ 187,318</u>	<u>\$ 4,139,636</u>	<u>\$ (180,851)</u>	<u>\$ 4,598,220</u>

(1) Elimination of interagency transactions.

**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY AND AFFILIATES  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	City of Geneva Industrial Development Agency	City of Geneva Industrial Park	Geneva Enterprise Development Center	Reclassifications and Eliminations	<b>Total</b>
Operating revenues:					
Rental income	\$ -	\$ 3,289	\$ 262,772	\$ -	\$ 266,061
Administration fee revenue	50,000	-	-	-	50,000
Other revenues	3,583	-	-	-	3,583
Total operating revenues	<u>53,583</u>	<u>3,289</u>	<u>262,772</u>	<u>-</u>	<u>319,644</u>
Operating expenses:					
Administrative	14,200	-	49,867	-	64,067
Depreciation	-	-	141,890	-	141,890
Equipment Rental	-	-	283	-	283
Professional fees	4,307	-	4,135	-	8,442
Repairs and maintenance	-	-	61,829	-	61,829
Supplies	200	-	-	-	200
Utilities	-	-	85,832	-	85,832
Total operating expenses	<u>18,707</u>	<u>-</u>	<u>343,836</u>	<u>-</u>	<u>362,543</u>
Operating income (loss)	<u>34,876</u>	<u>3,289</u>	<u>(81,064)</u>	<u>-</u>	<u>(42,899)</u>
Nonoperating revenues (expenses):					
Sale of property, net of closing costs	57,424	-	-	-	57,424
Sale proceeds paid to City of Geneva	(36,309)	-	-	-	(36,309)
Sale proceeds paid to Ontario County IDA	(12,668)	-	-	-	(12,668)
Miscellaneous expense	(63,301)	-	-	-	(63,301)
Interest	-	-	(25,401)	-	(25,401)
Total nonoperating expenses	<u>(54,854)</u>	<u>-</u>	<u>(25,401)</u>	<u>-</u>	<u>(80,255)</u>
Change in net position	(19,978)	3,289	(106,465)	-	(123,154)
Net position - beginning of year	<u>357,516</u>	<u>132,992</u>	<u>3,383,858</u>	<u>(14,240) (1)</u>	<u>3,860,126</u>
Net position - end of year	<u>\$ 337,538</u>	<u>\$ 136,281</u>	<u>\$ 3,277,393</u>	<u>\$ (14,240)</u>	<u>\$ 3,736,972</u>

(1) Elimination of interagency transactions.

**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY AND AFFILIATES  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	City of Geneva Industrial Development Agency	City of Geneva Industrial Park	Geneva Enterprise Development Center	Reclassifications and Eliminations	Total
Operating revenues:					
Rental income	\$ -	\$ 3,777	\$ 178,683	\$ -	\$ 182,460
Administration fee revenue	100,000	-	-	-	100,000
Other revenues	5,075	-	-	-	5,075
Total operating revenues	<u>105,075</u>	<u>3,777</u>	<u>178,683</u>	<u>-</u>	<u>287,535</u>
Operating expenses:					
Administrative	15,526	-	64,107	-	79,633
Depreciation	-	-	125,373	-	125,373
Equipment Rental	-	-	2,921	-	2,921
Insurance	-	-	20,458	-	20,458
Professional fees	8,524	-	72,982	-	81,506
Repairs and maintenance	-	-	37,395	-	37,395
Utilities	-	-	18,660	-	18,660
Total operating expenses	<u>24,050</u>	<u>-</u>	<u>341,896</u>	<u>-</u>	<u>365,946</u>
Operating income (loss)	<u>81,025</u>	<u>3,777</u>	<u>(163,213)</u>	<u>-</u>	<u>(78,411)</u>
Nonoperating revenues (expenses):					
State grants - Restore NY	-	-	500,000	-	500,000
Local grants	(76,601)	-	76,601	-	-
Interest	-	-	(24,874)	-	(24,874)
Total nonoperating revenues (expenses)	<u>(76,601)</u>	<u>-</u>	<u>551,727</u>	<u>-</u>	<u>475,126</u>
Change in net position	4,424	3,777	388,514	-	396,715
Net position - beginning of year	<u>353,092</u>	<u>129,215</u>	<u>2,995,344</u>	<u>(14,240) (1)</u>	<u>3,463,411</u>
Net position - end of year	<u>\$ 357,516</u>	<u>\$ 132,992</u>	<u>\$ 3,383,858</u>	<u>\$ (14,240)</u>	<u>\$ 3,860,126</u>

(1) Elimination of interagency transactions.

## **INTERNAL CONTROL AND COMPLIANCE**

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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 AUDITOR'S REPORT**

To the Board of Directors of the  
City of Geneva Industrial Development Agency and Affiliates

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 combined financial statements of the City of Geneva Industrial Development Agency and Affiliates (Agency), as of and for the year ended September 30, 2019, and the related notes to the combined financial statements, which collectively comprise the Agency's basic combined financial statements, and have issued our report thereon dated November 16, 2020. Our report disclaims an opinion on such combined 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, 2019. Accordingly, we were unable to extend our auditing procedures sufficiently to determine the extent to which the combined financial statements may have been affected by these conditions.

**Internal Control Over Financial Reporting**

In connection with our engagement to audit the combined financial statements, we considered the Agency'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 opinion on the combined 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.

*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. A *significant deficiency* is a deficiency, or 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 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 weakness or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described as items 2019-001 and 2019-002 that we consider to be material weaknesses.

**2019-001 Financial Reporting and General Ledger Maintenance**

*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 result of prior year audit adjustments not being recorded by the Industrial Development Agency (IDA) and the Geneva Economic Development Corporation (GEDC). Through testing performed over the manual journal entries recorded by the IDA, management was unable to provide supporting documentation for a manual journal entry recorded as a material increase to expense. We were also unable to verify an independent review and approval of this manual journal entry occurred. Without sufficient documentation on file we were unable to determine if the journal entry was appropriate and reasonable. In addition, we were unable to verify the accuracy of the GEDC financial information reported for the following: cash balances, rent revenue, fixed assets and net investment in fixed assets. Material audit adjustments were recorded at the start of the audit as a result of prior year audit entries that were not made by the IDA and the GEDC. These entries materially impacted the activity reported by the IDA and the GEDC for the fiscal year ended September 30, 2019. We were unable to verify cash balances reported by the GEDC were fairly stated as of September 30, 2019, as we were not provided GEDC bank statements or related reconciliations for this time period. The GEDC was unable to provide us with all active rental agreements or a related rent roll for rent revenue collected during the current year, and therefore we were unable to verify the rent revenue reported was reasonable as of September 30, 2019. Through review of the fixed asset activity reported by the GEDC, the GEDC management company was unable to provide us with the current year fixed asset additions and deletions activity. As a result, we are unable to verify that the fixed assets, and the net investment in fixed assets balances, are fairly stated for the year ended September 30, 2019. Due to the lack of supporting documentation provided by the GEDC required to perform our audit over the cash balances, rent revenue and fixed assets for the year ended September 30, 2019, we are unable to ensure the validity of this information.

*Cause:* Lack of sufficient fiscal oversight and monitoring surrounding the management service company.

*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 the GEDC implement a process 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 the IDA and GEDC make all audit adjustments to ensure accurate information is being reported to the Board. As manual journal entries are recorded, we recommend these are provided to the Board for an independent review and approval, and that all related documentation is maintained on file. We also recommend, that the Board perform timely fiscal monitoring over the GEDC to ensure the general ledger is being maintained and updated for activity as it occurs.

*Views of Responsible Officials and Planned Corrective Actions:* The IDA has obtained a new management company to oversee and run the GEDC. The new agreement will take effect November 23, 2020 and will clear up all the accounting issues moving forward as they have an accounting system and have been prepared for the potential issues. I am certain that with a new GEDC management company, the accounting issues will be remedied and we will be all set moving forward.

## **2019-002 Fiscal Oversight and Monitoring**

*Criteria:* The GEDC must provide fiscal reports to the Board for review to sufficiently provide fiscal oversight and monitoring over activities, and the GEDC must have adequate controls over financial reporting to ensure financial statements are not materially misstated.

*Condition:* During our audit, we noted there was insufficient oversight over the financial accounting services performed by the management services company. The management service company initiated, recorded and monitored all cash activity with no oversight or monitoring from management or the Board. In addition, there was no review and approval of accounting transactions performed by an individual independent of processing the transactions.

*Cause:* Management service company did not provide fiscal reports to the Board as required per their contract, and therefore, the Board was unable to perform sufficient fiscal oversight and monitoring.

*Effect:* The absence of fiscal oversight and monitoring increases the risk that errors in financial reporting, noncompliance with grant agreements or misappropriation of assets could occur and not be detected and corrected in a timely manner. In addition, a lack of budgetary controls could result over-expenditure of available funds and reduction in net assets available for the future.

*Recommendation:* We recommend the GEDC implement adequate internal controls over their financial accounting functions. Internal controls are designed to safeguard assets, identify and correct errors in a timely manner and help prevent loss from intentional or unintentional misappropriation of assets. Without these controls the GEDC is at a much greater risk of error or loss. We recommend that management evaluate the accounting system and the roles and responsibilities of personnel performing accounting functions and segregate as many of the accounting functions as possible. A system of internal controls includes oversight by individuals independent of those performing detailed accounting functions, and also monitoring of the financial activities by the Board. Bank reconciliations, journal entry reports and internal financial statements should be prepared monthly and reviewed and approved by management of the GEDC. Internal financial statements and budget to actual comparison reports should also be provided to the Board on a monthly basis.

*Views of Responsible Officials and Planned Corrective Actions:* The IDA board is requiring monthly reports from the GEDC management company as well as quarterly meetings with the executive committee and the GEDC managers. In addition to that, any purchase related to operations and/or maintenance at the GEDC facility that exceeds \$1,000 will be required to have approval from the IDA board as stated in the agreement between the two parties. The IDA board will be asking for a duties list as it relates to operations of the GEDC to review and approve that shows adequate separation of duties.

## **Compliance and Other Matters**

In connection with our engagement to audit the combined financial statements of the Agency, 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 combined 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described as items 2019-003 and 2019-004. Additional, if the scope of our work had been sufficient to enable us to express an opinion on the combined financial statements, other instances of noncompliance or other matters may have been identified and reported herein.

### **2019-003 Documentation on Website**

*Criteria:* The Agency must evaluate their website annually and update information provided to the public, as applicable, per requirements of the Authority Budget Office (ABO) policy guidance number 10-03.

*Condition:* Per our review of the Agency's website we noted that not all of the information required by the Authority Budget Office (ABO) was available on the Agency's website. Information not present consisted of, but was not limited to, current board minutes, updated policies, Agency by-laws and information on the Executive Management Team.

*Cause:* This situation appears to be the result of lack of monitoring over website information.

*Effect:* Incomplete information on the Agency's website will cause noncompliance with ABO requirements.

*Recommendation:* We recommend that the Agency upload board minutes as they are approved and perform an annual review of their website to verify all required information is current and available to the public, to ensure compliance with ABO requirements.

*Views of Responsible Officials and Planned Corrective Actions:* We are currently in the process of updating all of the IDA's policies and procedures as well as revamping the IDA's portion of the website. This should all be updated and online very soon.

### **2019-004 Independent Audit Report**

*Criteria:* The Agency must submit annually a copy of the independent audit report, management letter, and any other external examination of the books and accounts of the authority within 90 days after the fiscal year end.

*Condition:* Per our review of the Authority Budget Office (ABO) website and through inquiry of management, the above criteria did not occur for the fiscal year ended September 30, 2018 as the audit report was unable to be issued timely.

*Cause:* This situation appears to be the result of lack of monitoring over compliance requirements.

*Effect:* Lack of submission will cause noncompliance with ABO requirements.

*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:* With the addition of a new GEDC management company the IDA will strive to complete the audit on time and with accuracy, meeting all of the ABO requirements.

### **Agency's Response to Findings**

The Agency's responses to the findings identified in our engagement is described previously. The Agency's response was not subjected to the auditing procedures applied in the engagement to audit the combined 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.

*Freed Maxick CPAs, P.C.*

Batavia, New York  
November 16, 2020





## **INDEPENDENT ACCOUNTANT'S REPORT**

To the Board of Directors of the  
City of Geneva Industrial Development Agency and Affiliates  
PO Box 273  
Geneva, New York

We have examined the City of Geneva Industrial Development Agency and Affiliates (the Agency) compliance with the New York State Comptroller's Investment Guidelines for Public Authorities and Section 2925 of the New York State Public Authorities Law (collectively, the "Investment Guidelines") during the period October 1, 2018 to September 30, 2019. Management 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 as 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 depend on our judgment, 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 the aforementioned requirements during the period October 1, 2018 to September 30, 2019.

This report is intended solely for the information and use of the Board of Directors, management and others within the Agency and the New York State Authorities Budget Office and is not intended to be and should not be used by anyone other than these specified parties.

*Freed Maxick CPAs, P.C.*

Batavia, New York  
November 16, 2020