

**AUDITED
BASIC COMBINED FINANCIAL STATEMENTS**

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

SEPTEMBER 30, 2018

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CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
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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 Financial Statements

We have audited the accompanying financial statements of the City of Geneva Industrial Development Agency and Affiliates (the Agency) as of and for the years ended September 30, 2018 and 2017, 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

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 our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of September 30, 2018 and 2017, and the changes in its financial position and its cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement 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

Our audit was conducted for the purpose of forming an opinion on the combined financial statements that collectively comprise the Agency's basic 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 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 financial statements or to the basic 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 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 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 February 20, 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
February 20, 2020

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

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 183,353	\$ 193,081
Certificates of deposit	227,586	105,253
Receivables, net	-	4,704
Total current assets	<u>410,939</u>	<u>303,038</u>
Capital assets		
Land	425,000	425,000
Construction work in progress	356,227	356,227
Building, net	<u>3,254,815</u>	<u>2,783,427</u>
Total capital assets, net	<u>4,036,042</u>	<u>3,564,654</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>\$ 4,598,220</u>	<u>\$ 4,018,931</u>
LIABILITIES AND NET POSITION		
Current liabilities		
Accounts payable	\$ 123,562	\$ 44,043
Security deposits	13,472	8,472
Unearned revenue	-	1,523
Total current liabilities	<u>137,034</u>	<u>54,038</u>
Noncurrent liabilities		
Due to other governments	54,326	32,425
Line of credit	-	469,057
Note payable		
Due and payable within one year	20,177	-
Due and payable after one year	<u>526,557</u>	<u>-</u>
Total noncurrent liabilities	<u>601,060</u>	<u>501,482</u>
Total liabilities	738,094	555,520
NET POSITION		
Net investment in capital assets	3,489,308	3,095,597
Unrestricted	<u>370,818</u>	<u>367,814</u>
Total net position	<u>3,860,126</u>	<u>3,463,411</u>
Total liabilities and net position	<u>\$ 4,598,220</u>	<u>\$ 4,018,931</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>2018</u>	<u>2017</u>
OPERATING REVENUES		
Rental income	\$ 182,460	\$ 136,380
Administration fee revenue	100,000	1,000
Other revenues	5,075	4,627
Total operating revenues	<u>287,535</u>	<u>142,007</u>
OPERATING EXPENSES		
Administrative	79,633	38,297
Bad debt	-	59,859
Depreciation	125,373	125,373
Equipment rental	2,921	-
Insurance	20,458	17,920
Professional fees	81,506	12,474
Repairs and maintenance	37,395	28,739
Staff stipends	-	50,923
Utilities	18,660	21,439
Total operating expenses	<u>365,946</u>	<u>355,024</u>
Operating loss	<u>(78,411)</u>	<u>(213,017)</u>
NONOPERATING REVENUES (EXPENSES)		
Contractual expense	-	(30,995)
State grant - Restore NY	500,000	-
Interest expense	(24,874)	(13,312)
Total nonoperating revenues (expenses)	<u>475,126</u>	<u>(44,307)</u>
Change in net position	396,715	(257,324)
Net position - beginning of year	<u>3,463,411</u>	<u>3,720,735</u>
Net position - end of year	<u>\$ 3,860,126</u>	<u>\$ 3,463,411</u>

See accompanying notes.

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

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from providing services	\$ 285,641	\$ 196,945
Payments to service providers and suppliers	(156,054)	(254,950)
Other revenues	5,075	4,627
Net cash provided (used) by operating activities	<u>134,662</u>	<u>(53,378)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayment on line of credit	(469,057)	374,134
Contractual expense for E-Waste cleanup	-	(30,995)
Interest paid on line of credit	(18,325)	(13,312)
Proceeds on note payable	551,701	-
Principal payments on note payable	(4,967)	-
Interest paid on note payable	(6,549)	-
Net cash provided noncapital financing activities	<u>52,803</u>	<u>329,827</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(596,761)	(330,089)
Proceeds from state grant	500,000	-
Net proceeds (outlays) from joint venture	21,901	17,974
Net cash provided (used) by capital and related financing activities	<u>(74,860)</u>	<u>(312,115)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemptions of certificates of deposit	-	105,282
Net cash provided by investing activities	<u>-</u>	<u>105,282</u>
Net increase in cash and cash equivalents	112,605	69,616
Cash and cash equivalents - beginning of the year	<u>298,334</u>	<u>228,718</u>
Cash and cash equivalents - end of the year	<u>\$ 410,939</u>	<u>\$ 298,334</u>
Reconciliation of operating loss		
to net cash provided (used) by operating activities:		
Operating loss	\$ (78,411)	\$ (213,017)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	125,373	125,373
(Increase) decrease in assets		
Accounts receivable	4,704	63,383
Increase (decrease) in liabilities		
Accounts payable	79,519	(20,248)
Accrued interest payable	-	(215)
Security deposits	5,000	(4,836)
Unearned revenue	(1,523)	(3,818)
Net cash provided (used) by operating activities	<u>\$ 134,662</u>	<u>\$ (53,378)</u>

See accompanying notes.

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CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS

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 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.

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

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. Management estimated an allowance of \$0 at September 30, 2018, and \$59,859 at September 30, 2017.

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 \$125,373 for fiscal years ended September 30, 2018 and 2017.

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.

Reclassifications

Certain reclassifications have been made to the 2017 combined financial statements to conform with current year presentation.

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY

NOTES TO BASIC FINANCIAL STATEMENTS

New Accounting Pronouncements

During the fiscal year ended September 30, 2018, the provisions of Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*; Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*; Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*; Statement No. 81, *Irrevocable Split-Interest Agreements*; Statement No. 82, *Pension Issues an Amendment of GASB Statements No. 67, 68 and 73*; Statement No. 85, *Omnibus 2017*; and Statement No. 86, *Certain Debt Extinguishment Issues* became effective.

The Agency has evaluated these Statements and determined that they have no significant impact on the Agency's financial statements for the fiscal year ending September 30, 2018.

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, 2019.
- Statement No. 84, *Fiduciary Activities*, which will be effective for the year ending September 30, 2020.
- Statement No. 87, *Leases*, which will be effective for the year ending September 30, 2021.
- Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, which will be effective for the year ending September 30, 2020.
- 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, 2021.
- 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, 2020.

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

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, 2018.

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

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.

NOTE 4 - CAPITAL ASSETS

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

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS

	Balance 10/1/17	Increases	Decreases	Balance 9/30/18
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	<u>\$ 3,564,654</u>	<u>\$ 471,388</u>	<u>\$ -</u>	<u>\$ 4,036,042</u>

Capital asset activity for the year ended September 30, 2017, was as follows:

	Balance 10/1/16	Increases	Decreases	Balance 9/30/17
Capital assets not being depreciated:				
Land	\$ 425,000	\$ -	\$ -	\$ 425,000
Construction work in progress	64,661	330,089	38,523	356,227
Total capital assets not being depreciated	489,661	330,089	38,523	781,227
Capital assets being depreciated:				
Buildings	3,825,000	-	-	3,825,000
Improvements	870,597	38,523	-	909,120
Total capital assets, being depreciated	4,695,597	38,523	-	4,734,120
Less accumulated depreciation:				
Buildings	1,569,442	95,625	-	1,665,067
Infrastructure	255,878	29,748	-	285,626
Total accumulated depreciation	1,825,320	125,373	-	1,950,693
Total capital assets being depreciated, net	2,870,277	(86,850)	-	2,783,427
Capital assets, net	<u>\$ 3,359,938</u>	<u>\$ 243,239</u>	<u>\$ 38,523</u>	<u>\$ 3,564,654</u>

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 1st 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 \$54,326 and \$32,425 at September 30, 2018 and 2017, respectively.

	<u>2018</u>	<u>2017</u>
Joint Venture:		
City of Geneva	\$ 40,273	\$ 24,037
Ontario County IDA	<u>14,053</u>	<u>8,388</u>
Total due to other governments - joint venture	<u>\$ 54,326</u>	<u>\$ 32,425</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 - LINE OF CREDIT

The Geneva Enterprise Development Center has a \$580,000 line of credit agreement with Lyons National Bank to cover cash flows related to construction work in-process for various projects at 122 N. Genesee Street, Geneva, New York. A 4.50% interest rate will be charged on any outstanding balance. The outstanding balance on this line of credit was \$0 and \$469,057 at September 30, 2018 and 2017, respectively.

NOTE 8 - 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, 2018, 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 9/30/18</u>
122 N. Genesee Street	2018	\$ 551,701	Variable	2036	\$ 546,734

CHANGES IN LONG-TERM LIABILITIES

Changes in the Agency's long-term liabilities for the year ended September 30, 2018, are as follows:

	<u>Balance 10/01/17</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/18</u>	<u>Due Within One Year</u>
Note payable:					
122 N. Genesee Street	\$ -	\$ 551,701	\$ 4,967	\$ 546,734	\$ 20,177

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS

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

Year ending September 30,	Notes	
	Principal	Interest
2019	\$ 20,177	\$ 25,402
2020	21,083	24,496
2021	22,170	23,409
2022	23,240	22,339
2023	24,362	21,217
2024-2028	140,524	87,371
2029-2033	177,972	49,923
2034-2038	117,329	8,013
Total	<u>\$ 546,734</u>	<u>\$ 262,170</u>

NOTE 9 - LEASES

At September 30, 2018 and 2017, 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 10 - FUTURE MINIMUM RENTAL PAYMENTS

At September 30, 2018, future minimum rental payments under rental leases are approximately as followed:

2019	\$ 75,524
2020	57,936
2021	57,936

NOTE 11 - RELATED PARTY TRANSACTIONS

Management services related to the operation of a facility owned by the Agency and operated under the Geneva Economic Development Corporation (GEDC) were provided from February 1, 2018 through September 30, 2018 by an entity whose owner and president is a member of the Agency's board. The total payroll reimbursement, expense reimbursement and management fees paid by the GEDC to this entity amounted to \$52,483.

NOTE 12 - SUBSEQUENT EVENT

Subsequent to year end the Agency received a notification dated July 22, 2019 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.

Management has evaluated subsequent events through February 20, 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, 2018**

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, 2018
(CONTINUED)**

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, 2018

	City of Geneva Industrial Development Agency	City of Geneva Industrial Park	Geneva Enterprise Development Center	Reclassifications and Eliminations	Total
ASSETS					
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	27,617	123,622	-	-	151,239
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
LIABILITIES AND NET POSITION					
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	94,601	-	209,044	(166,611)	137,034
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	-	54,326	546,734	-	601,060
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	357,516	132,992	(105,450)	(14,240) (1)	370,818
Total net position	357,516	132,992	3,383,858	(14,240)	3,860,126
Total liabilities and net position	\$ 452,117	\$ 187,318	\$ 4,139,636	\$ (180,851)	\$ 4,598,220

(1) Elimination of interagency transactions.

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY AND AFFILIATES
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

	City of Geneva Industrial Development Agency	City of Geneva Industrial Park	Geneva Enterprise Development Center	Reclassifications and Eliminations	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 133,972	\$ 38,018	\$ 21,091	\$ -	\$ 193,081
Certificates of deposit	105,253	-	-	-	105,253
Accounts receivable, net	-	-	4,704	-	4,704
Due From GEDC	90,010	-	-	(90,010) (1)	-
Total current assets	329,235	38,018	25,795	(90,010)	303,038
Capital assets:					
Land	-	-	425,000	-	425,000
Construction work in progress	-	-	356,227	-	356,227
Building, net	-	-	2,783,427	-	2,783,427
Total capital assets, net	-	-	3,564,654	-	3,564,654
Other assets:					
Investment in City of Geneva Industrial Park	14,240	-	-	(14,240) (1)	-
Land held for development and sale	27,617	123,622	-	-	151,239
Total other assets	41,857	123,622	-	(14,240)	151,239
Total assets	\$ 371,092	\$ 161,640	\$ 3,590,449	\$ (104,250)	\$ 4,018,931

(1) Elimination of interagency transactions.

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY AND AFFILIATES
COMBINING STATEMENT OF NET POSITION
SEPTEMBER 30, 2017
(CONTINUED)

	City of Geneva Industrial Development Agency	City of Geneva Industrial Park	Geneva Enterprise Development Center	Reclassifications and Eliminations	Total
LIABILITIES AND NET POSITION					
Current liabilities:					
Accounts payable	\$ 18,000	\$ -	\$ 26,043	\$ -	\$ 44,043
Due to IDA	-	-	90,010	(90,010)	-
Security deposits	-	-	8,472	-	8,472
Unearned revenue	-	-	1,523	-	1,523
Total current liabilities	<u>18,000</u>	<u>-</u>	<u>126,048</u>	<u>(90,010)</u>	<u>54,038</u>
Noncurrent liabilities:					
Due to other governments - joint venture	-	32,425	-	-	32,425
Line of credit	-	-	469,057	-	469,057
Total noncurrent liabilities	<u>-</u>	<u>32,425</u>	<u>469,057</u>	<u>-</u>	<u>501,482</u>
Total liabilities	18,000	32,425	595,105	(90,010)	555,520
Net position:					
Net investment in capital assets	-	-	3,095,597	-	3,095,597
Unrestricted	<u>353,092</u>	<u>129,215</u>	<u>(100,253)</u>	<u>(14,240) (1)</u>	<u>367,814</u>
Total net position	<u>353,092</u>	<u>129,215</u>	<u>2,995,344</u>	<u>(14,240)</u>	<u>3,463,411</u>
Total liabilities and net position	<u>\$ 371,092</u>	<u>\$ 161,640</u>	<u>\$ 3,590,449</u>	<u>\$ (104,250)</u>	<u>\$ 4,018,931</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 revneues (expenses):					
State grants - Restore NY	-	-	500,000	-	500,000
Local grants	(76,601)	-	76,601	-	-
Interest	-	-	(24,874)	-	(24,874)
Total nonoperating 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)</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>

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY AND AFFILIATES
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2017

	City of Geneva Industrial Development Agency	City of Geneva Industrial Park	Geneva Enterprise Development Center	Reclassifications and Eliminations	Total
Operating revenues:					
Rental income	\$ -	\$ 3,100	\$ 133,280	\$ -	\$ 136,380
Administration fee revenue	1,000	-	-	-	1,000
Other revenues	4,540	-	87	-	4,627
Total operating revenues	<u>5,540</u>	<u>3,100</u>	<u>133,367</u>	<u>-</u>	<u>142,007</u>
Operating expenses:					
Administrative	18,633	-	19,664	-	38,297
Bad debt	-	-	59,859	-	59,859
Depreciation	-	-	125,373	-	125,373
Insurance	-	-	17,920	-	17,920
Professional fees	12,474	-	-	-	12,474
Repairs and maintenance	-	-	28,739	-	28,739
Staff stipends	-	-	50,923	-	50,923
Utilities	-	-	21,439	-	21,439
Total operating expenses	<u>31,107</u>	<u>-</u>	<u>323,917</u>	<u>-</u>	<u>355,024</u>
Operating income (loss)	<u>(25,567)</u>	<u>3,100</u>	<u>(190,550)</u>	<u>-</u>	<u>(213,017)</u>
Nonoperating revenues (expenses):					
Contractual	-	-	(30,995)	-	(30,995)
Interest	-	-	(13,312)	-	(13,312)
Total nonoperating revenues (expenses)	<u>-</u>	<u>-</u>	<u>(44,307)</u>	<u>-</u>	<u>(44,307)</u>
Change in net position	(25,567)	3,100	(234,857)	-	(257,324)
Net position - beginning of year	<u>378,659</u>	<u>126,115</u>	<u>3,230,201</u>	<u>(14,240) (1)</u>	<u>3,720,735</u>
Net position - end of year	<u>\$ 353,092</u>	<u>\$ 129,215</u>	<u>\$ 2,995,344</u>	<u>\$ (14,240)</u>	<u>\$ 3,463,411</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 have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the combined financial statements of the City of Geneva Industrial Development Agency and Affiliates (Agency), as of and for the year ended September 30, 2018, and the related notes to the combined financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated February 20, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the 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 2018-001 and 2018-002 that we consider to be material weaknesses.

2018-001 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 the Geneva Economic Development Corporation (GEDC) was not maintaining adequate accounting records since the transition to a new management service company on February 1, 2018. Financial information was being recorded by the management service company through a check register only, as payments were made on invoices and as deposits were received for management fees and tenant rents. The management service company was required to create accounting records from these checkbook entries that were then submitted for audit. Due to the lack of adequate accounting records, we identified several material audit adjustments during our audit that were required to correct misstatements and record accrual entries.

Cause: Transition to a new management service company that did not maintain adequate accounting records.

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 an accounting system to ensure all transactions are being properly recorded and that all bank statements are reconciled to the accounting records monthly to ensure all activity has been recorded.

Views of Responsible Officials and Planned Corrective Actions: With the addition of a third-party accountant, the GEDC will be sufficiently monitoring all transactions with appropriate supporting documentation. They have added QuickBooks as their financial software to track all transactions as well. This was a suggestion by the IDA which was implemented and will show a drastic improvement in the 2018-19 audit of the GEDC financials

2018-002 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: Transition to a new management service company that 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

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described as items 2018-003 and 2018-004.

2018-003 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.

2018-004 Timely Budget Submission

Criteria: The Agency must submit a budget report to the Authority Budget Office (ABO) containing estimated receipts and expenditures for the next fiscal year 60 days prior to the current fiscal year-end.

Condition: The Agency must submit a budget report to the Authority Budget Office (ABO) containing estimated receipts and expenditures for the next fiscal year, 60 days prior to the current fiscal year-end. During the review of the Agency's budget it was not submitted within the statutory deadline.

Cause: This situation appears to be the result of a lack of monitoring over budget reporting deadlines.

Effect: Late submission of a budget will cause noncompliance with ABO requirements.

Recommendation: We recommend that the Agency submit their budget timely to ensure compliance with ABO requirements.

Views of Responsible Officials and Planned Corrective Actions: This has been resolved and will be timely moving forward.

Agency's Response to Findings

The Agency's responses to the findings identified in our audit is described previously. The Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
February 20, 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, 2017 to September 30, 2018. 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, 2017 to September 30, 2018.

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
February 20, 2020

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY AND AFFILIATES

REPORT TO THE BOARD OF DIRECTORS

SEPTEMBER 30, 2018

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February 20, 2020

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

To the Board of Directors:

We are pleased to present this report related to our audit of the combined financial statements of the City of Geneva Industrial Development Agency and Affiliates (the Agency) for the year ended September 30, 2018. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Agency's financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to the Agency.

Very truly yours,

Freed Maxick CPAs, P.C.

Freed Maxick CPAs, P.C.

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Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities with Regard to the Financial Statement Audit	Our responsibility under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> issued by the Comptroller General of the United States have been described to you in our arrangement letter dated November 5, 2018. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
Accounting Policies and Practices	<p>Preferability of Accounting Policies and Practices</p> <p>Under generally accepted principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p>Adoption of, or Change in, Accounting Policies</p> <p>Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Agency. The Agency did not adopt any significant new accounting policies nor have there been any changes in significant existing policies during the current period.</p> <p>Significant or Unusual Transactions</p> <p>We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> <p>Management's Judgments and Accounting Estimates</p> <p>Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached "Summary of Significant Accounting Estimates."</p>
Basis of Accounting	The financial statements were prepared on assumption that the entity will continue as a going concern.

Required Communications (Continued)

Audit Adjustments	The audit adjustments proposed by us and recorded by the Agency and Affiliates are shown on the attached "Summary of Recorded Audit Adjustments".
Uncorrected Misstatements	There were no uncorrected misstatements noted during our audit.
Disagreements with Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed with Management	No significant issues arising from the audit were discussed or were the subject of correspondence with management.
Significant Difficulties Encountered in Performing the Audit	During our audit we encountered difficulties in securing supporting documentation related to the operations of the GEDC. The Agency changed management service firms during the year under audit and the new firm had not recorded any of the assets or liabilities carried over from the prior firm and had not recorded any activity in an accounting system and therefore were unable to provide a trial balance or general ledger to begin the audit.
Letter Communicating Material Weaknesses, a Control Deficiency and Noncompliance	We have separately communicated material weaknesses, a control deficiency and noncompliance identified during our audit of the financial statements which is attached as Exhibit A.
Significant Written Communication Between Management and Our Firm	A copy of the representation letter provided to us by management is attached as Exhibit B.

**City of Geneva Industrial Development Agency
Summary of Significant Accounting Estimates
Year Ended September 30, 2018**

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the Agency's September 30, 2018 financial statements:

Estimate	Accounting Policy	Management's Estimation Process	Basis of our conclusions on Reasonableness of Estimate
Depreciation of Property, Plant and Equipment	Management depreciates property, plant and equipment over the estimated useful lives of the assets.	Useful lives are assigned based on management's judgment. Management was consistent in calculating depreciation based on the useful lives assigned to each respective asset.	The methods and lives used to estimate depreciation expense appear reasonable.
Allowance for Uncollectible Accounts	Management estimates collectability of receivables based on knowledge of past history.	Management reviews prior year write-off information and current year aging of receivables and uses this information to estimate the allowance required in the current year.	Management's process to estimate the allowance for uncollectible accounts appears reasonable.

City of Geneva Industrial Development Agency
Summary of Recorded Audit Adjustments
Year Ended September 30, 2018

Account No	Name	Debit	Credit
3000.1	Retained Earnings - IDA	54,865	
1002.1	Checking - IDA		400
1101.2	Ternew Loan		3,705
1110.1	Industrial Park Investment		32,760
2300.1	Accounts Payable - IDA		18,000

To record entries from prior year audits that have not been recorded.

1320.3	Accounts Receivable - GEDC	64,563	
1321.3	Allowance for Doubtful Accounts - GEDC		59,859
2236.0	Notes Payable, due to IDA		90,091
2236.0	Notes Payable, due to IDA	81	
2300.3	Accounts Payable - GEDC		26,043
2310.3	Deferred Revenue - GEDC		1,523
3000.3	Retained Earnings - GEDC	90,091	
3000.3	Retained Earnings - GEDC	13,624	
3000.3	Retained Earnings - GEDC	27,690	
3000.3	Retained Earnings - GEDC	26,043	
3000.3	Retained Earnings - GEDC	1,523	
3000.3	Retained Earnings - GEDC		4,704
3000.3	Retained Earnings - GEDC		280
3000.3	Retained Earnings - GEDC		81
5018.3	Misc Exp - GEDC	280	
5128.3	Utilities - GEDC		13,624
5128.3	Utilities - GEDC		27,690
1320.3	Accounts Receivable - GEDC		4,074
1550.3	Building improvements - GEDC	20,160	
2300.3	Accounts Payable - GEDC	7,526	
2310.3	Deferred Revenue - GEDC		2,802
3000.3	Retained Earnings - GEDC	4,074	
3000.3	Retained Earnings - GEDC		20,160
3000.3	Retained Earnings - GEDC	2,802	
3000.3	Retained Earnings - GEDC		7,526
1320.3	Accounts Receivable - GEDC		59,859
1320.3	Accounts Receivable - GEDC		630
1321.3	Allowance for Doubtful Accounts - GEDC	59,859	
2300.3	Accounts Payable - GEDC	18,517	
2310.3	Deferred Revenue - GEDC	4,325	
4101.3	RENTS - GEDC	630	
4101.3	RENTS - GEDC		4,325
5026.3	Repairs and maintenance - GEDC		18,517

To record necessary adjustments to correct beginning equity, to record beginning balance sheet activity not recorded by Massa and to record balance sheet activity recorded by Mancuso during the time they were the management firm, for the GEDC.

City of Geneva Industrial Development Agency
Summary of Recorded Audit Adjustments (Continued)
Year Ended September 30, 2018

Account No	Name	Debit	Credit
4101.3	RENTS - GEDC	9,910	
1012.3	Cash - GEDC		9,910
To eliminate transaction for deposit received subsequent to 9/30/2018.			
1005.1	CD-Lyons National	2,948	
4999.1	MISCELLANEOUS - IDA		2,948
To record accrued interest earned on the certificates of deposit as of 9/30/2018.			
2300.3	Accounts Payable - GEDC		28,961
5016.3	Insurance - GEDC	2,538	
5027.3	Administrative expense - GEDC	18,620	
5027.3	Administrative expense - GEDC	7,803	
To record items improperly excluded from accounts payable as of 9/30/2018.			
1101.1	Account Receivable - GEDC	76,601	
1550.3	Building improvements - GEDC	500,000	
1550.3	Building improvements - GEDC	76,601	
2300.1	Accounts Payable - IDA		76,601
2300.3	Accounts Payable - GEDC		76,601
4108.3	State Grants		500,000
4170.0	Grant Revenue - GEDC		76,601
5005.1	Grant expense - IDA	76,601	
To record NYS Restore Grant activity received by the City of Geneva and IDA grant on behalf of the GEDC for a roof replacement project.			
Activity was excluded from the GCEDC since vendor payments were made by the City, however this activity is required to be recorded by the GEDC in order to capitalize and depreciate the roof.			

Recently Issued Accounting Standards

The GASB has issued several statements not yet implemented by the Agency. The Agency's management has not yet determined the effect these Statements will have on the Agency's financial statements. However, the Agency plans to implement all standards by the required dates. The Statement which might impact the Agency is as follows:

Summary of GASB Statement No. 83, *Certain Asset Retirement Obligations*

This Statement issued in November 2016 will be effective for the Agency beginning with its fiscal year ending September 30, 2019. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged.

Summary of GASB Statement No. 84, *Fiduciary Activities*

This Statement issued in January 2017 will be effective for the Agency beginning with its fiscal year ending September 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

Recently Issued Accounting Standards (Continued)

Summary of GASB Statement No. 87, Leases

This Statement was issued in June 2017 and will be effective for the Agency beginning with its fiscal year ending September 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of GASB Statement No. 87 are effective for financial periods beginning after December 15, 2019.

Summary of GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period

This Statement issued in June 2018 will be effective for the Agency beginning with its fiscal year ending September 30, 2021. The primary objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of GASB Statement No. 89 are effective for financial periods beginning after December 15, 2019. Earlier application is encouraged.

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**EXHIBIT A - LETTER COMMUNICATING MATERIAL WEAKNESSES, A CONTROL
DEFICIENCY AND NONCOMPLIANCE**

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Letter Communicating Material Weaknesses, a Control Deficiency and Noncompliance

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

In planning and performing our audit of the combined financial statements of City of Geneva Industrial Development Agency and Affiliates (the Agency) as of and for the year ended September 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing our audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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. Therefore, material weaknesses may exist that were not identified. However, as discussed below, we identified 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 deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in the Agency's internal control to be material weaknesses:

MATERIAL WEAKNESSES

Financial Reporting and General Ledger Maintenance

Observation: During the audit it was discovered that the Geneva Economic Development Corporation (GEDC) was not maintaining adequate accounting records since the transition to a new management service company on February 1, 2018. Financial information was being recorded by the management service company through a check register only, as payments were made on invoices and as deposits were received for management fees and tenant rents. The management service company was required to create accounting records from these checkbook entries that were then submitted for audit. Due to the lack of adequate accounting records, we identified several material audit adjustments during our audit that were required to correct misstatements and record accrual entries.

Recommendation: We recommend the GEDC implement an accounting system to ensure all transactions are being properly recorded and that all bank statements are reconciled to the accounting records monthly to ensure all activity has been recorded.

Potential 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.

Management Response: With the addition of a third-party accountant, the GEDC will be sufficiently monitoring all transactions with appropriate supporting documentation. They have added QuickBooks as their financial software to track all transactions as well. This was a suggestion by the IDA which was implemented and will show a drastic improvement in the 2018-19 audit of the GEDC financials

Fiscal Oversight and Monitoring

Observation: 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.

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.

Potential 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.

Management Response: 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.

Following are descriptions of other identified deficiencies in internal control that we determined did not constitute significant deficiencies or material weaknesses:

CONTROL DEFICIENCY

Processing of Disbursements

Observation: Through tests of controls over disbursements it was noted that the IDA did not perform a review and approval of vendor invoices prior to payment. In addition, we noted an instance where the IDA did not adhere to their procurement policy and bidding procedures. Bids were accepted for a project, however the bid accepted was not the lowest bid received. The IDA was unable to provide adequate documentation to support the reason why the lowest bid had not been accepted.

Recommendation: We recommend the IDA adhere to their procurement policy and bidding procedures. Under General Municipal Law entities are required to accept the lowest responsible bid or the best overall value. If the lowest bid is not accepted, the IDA should adequately document why the lowest bid was not accepted and retain such information in their purchasing records.

Management Response: The addition of the third-party accountant should drastically improve this. However, the IDA board is interested in more oversight of the GEDC management company. In the future, the IDA and GEDC will be following the same procedures that the City follows for procurement and bidding.

Following are descriptions of noncompliance findings:

NONCOMPLIANCE

Documentation on Website

Observation: 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.

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.

Management Response: 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.

Timely Budget Submission

Observation: The Agency must submit a budget report to the Authority Budget Office (ABO) containing estimated receipts and expenditures for the next fiscal year, 60 days prior to the current fiscal year-end. During the review of the Agency's budget it was not submitted within the statutory deadline.

Recommendation: We recommend that the Agency submit their budget timely to ensure compliance with ABO requirements.

Management Response: This has been resolved and will be timely moving forward.

This communication is intended solely for the information and use of management and the Board of Directors 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
February 20, 2020

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EXHIBIT B - SIGNIFICANT WRITTEN COMMUNICATIONS
BETWEEN MANAGEMENT AND OUR FIRM

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**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
PO BOX 273
GENEVA, NEW YORK 14456**

February 20, 2020

Freed Maxick CPAs, P.C.
One Evans Street.
Batavia, New York 14020

This representation letter is provided in connection with your audit of the basic combined financial statements of the City of Geneva Industrial Development Agency and Affiliates (the Agency) as of and for the year ended September 30, 2018 and 2017 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, as of the date of the auditor's report:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated November 5, 2018, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related party transactions, including those with the City of Geneva, Ontario County Industrial Development Agency and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements, and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. We are included in a joint venture having as participants the following listed organizations, each of which retains an ongoing financial interest or an ongoing financial responsibility, as these terms are defined in Section 2100 of the Governmental Accounting Standards Board's Codification of Governmental Accounting and Financial Reporting Standards.
 - a. Ontario County Industrial Development Agency, New York
 - b. City of Geneva, New York

9. The following have been properly recorded and/or disclosed in the financial statements:
 - a. Net positions.
 - b. Line of credit or similar arrangements.
 - c. Debt issue provisions
 - d. All leases or material amounts of rental obligations under long-term leases.
 - e. All significant estimates and material concentrations known to management which are required to be disclosed.
10. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private that is not disclosed in the financial statement.
11. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
12. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

13. We have provided you with:
 - a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the Agency from whom you determined it necessary to obtain audit evidence; and
 - d. Minutes of the meetings of the governing board and committees of board members, or summaries of actions of recent meetings for which minutes have not yet been prepared.
14. All transactions have been recorded in the accounting records and are reflected in the combined financial statements.
15. We have disclosed to you the results of our assessment of risk that the combined financial statements may be materially misstated as a result of fraud.
16. We have no knowledge of allegations of fraud or suspected fraud, affecting the Agency's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in the internal control.
 - c. Others where the fraud could have a material effect on the combined financial statements.
17. We have no knowledge of any allegations of fraud or suspected fraud affecting the Agency's combined financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
18. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations.

19. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements; and we have not consulted legal counsel concerning litigation or claims.
20. We have disclosed to you the identity of the Agency's related parties and all the related-party relationships and transactions of which we are aware.
21. We have informed you of all significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Agency's ability to record, process, summarize and report financial data.
22. We have informed you of all communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
23. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

24. With respect to supplemental information presented in relation to the financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. There are no underlying significant assumptions or interpretations regarding the measurement or presentation of such information.
 - e. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

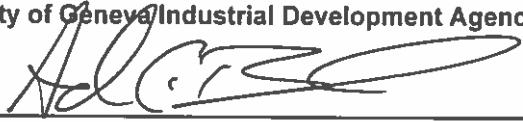
Compliance Considerations

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm that management:

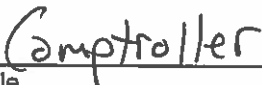
1. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
2. Is responsible for compliance with the laws, regulations and provisions of contracts and grant agreements applicable to the auditee.
3. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
4. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
5. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.

6. Is responsible for 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.
7. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
8. Has taken timely and appropriate steps to remedy fraud; noncompliance with provisions of laws, regulations, contracts and grant agreements; or abuse that the auditor reports.
9. Has a process to track the status of audit findings and recommendations.
10. Has identified for the auditor previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.
11. Has provided views on the auditor's reported findings, conclusions and recommendations, as well as management's planned corrective actions, for the report.
12. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an Adam Blowers, Chief Financial Officer, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

City of Geneva Industrial Development Agency



Signature



Title

**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
PO BOX 273
GENEVA, NEW YORK 14456**

February 20, 2020

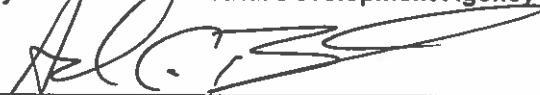
Freed Maxick CPAs, P.C.
One Evans Street
Batavia, New York 14020

In connection with your examination of 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 of October 1, 2017 through September 30, 2018 in accordance with standards established by the American Institute of Certified Public Accountants, we confirm to the best of our knowledge and belief, the following representations made to you during the course of your engagement:

1. We are responsible for the Agency's compliance with the Investment Guidelines.
2. We are responsible for establishing and maintaining effective internal control over the Agency's compliance with the Investment Guidelines.
3. We have performed an evaluation of the Agency's compliance with the Investment Guidelines. Based on our evaluation, the Agency has complied with the Investment Guidelines during the period of October 1, 2017 through September 30, 2018 based on the criteria referred to under the New York State Comptroller's Investment Guidelines for Public Authorities and Section 2925 of the New York State Public Authorities Law.
4. There has been no known noncompliance with the Investment Guidelines during the period of October 1, 2017 through September 30, 2018 or through the date of this letter.
5. There are no known communications from regulatory agencies, internal auditors, or other practitioners concerning the Agency's possible noncompliance with the Investment Guidelines received by us during the period of October 1, 2017 through September 30, 2018, or through the date of this letter.
6. We have made available to you all documentation related to the Agency's compliance with the Investment Guidelines.
7. There has been no knowledge of fraud or suspected fraud affecting the entity involving:
 - a. Management,
 - b. Employees who have significant roles in the internal control, or
 - c. Others where fraud could have a material effect on the Agency's compliance with the Investment Guidelines.
8. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.
9. We have no knowledge of any allegations of fraud or suspected fraud affecting the Agency received in communications from employees, former employees, analysts, regulators, short sellers, or others.
10. We have responded fully to all inquiries made to us by you during your engagement.

11. During the course of your engagement you may have accumulated records containing data which should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

City of Geneva Industrial Development Agency

A handwritten signature in black ink, appearing to be "A.C. 3", written over a horizontal line.

Signature

The word "Comptroller" written in a cursive, handwritten style in black ink, positioned above a horizontal line.

Title

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