

**CITY OF GENEVA
INDUSTRIAL DEVELOPMENT AGENCY**

NEW YORK

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

For Year Ended September 30, 2022



BUSINESS
ADVISORS
AND CPAS



BUSINESS
ADVISORS
AND CPAS

June 21, 2023

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

In planning and performing our audit of the financial statements of the City of Geneva Industrial Development Agency, New York as of and for the year ended September 30, 2022, 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, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control including the possibility of management override of internal controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 over financial reporting, 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 reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

Material Weakness in Internal Control:

Accounting Records –

During the audit it was discovered that audit adjustments were needed to record capital assets and long-term liabilities, and to adjust beginning equity and current year activity related to the Enterprise Development Center. Additionally, we were unable to obtain and examine documentation to support capital asset balances reported at year end.

We recommend that the entity develop a detailed listing of real property, capital improvements, and equipment owned, along with corresponding depreciation schedules in order to meet GAAP requirements. Additionally, a process should be implemented to ensure that balances carrying over in the EDC system agree with final balances from the previous period.

Prior Year Deficiency in Internal Control Pending Corrective Action:

Annual Report Submission –

The IDA must submit a copy of the annual report, independent audit report, a management letter, and any other external examination of the books and accounts of the Agency within 90 days after its fiscal year end. This did not occur for the year ended September 30, 2022 as the audit report was unable to be issued timely.

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

Prior Year Recommendation:

We are pleased to report the following item has been corrected to our satisfaction:

1. We noted significant improvement in the completeness and timeliness of monthly oversight activities.

*

*

*

We believe that the implementation of these recommendations will provide the City of Geneva Industrial Development Agency with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you at your convenience.

This communication is intended solely for the information and use of management, the Board, others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

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

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
June 21, 2023

**CITY OF GENEVA
INDUSTRIAL DEVELOPMENT AGENCY**

NEW YORK

BASIC FINANCIAL STATEMENTS

For The Years Ended September 30, 2022 and 2021



BUSINESS
ADVISORS
AND CPAS

TABLE OF CONTENTS

Independent Auditor's Report	1 – 2
------------------------------	-------

BASIC FINANCIAL STATEMENTS

<u>Statement 1</u> -	Statement of Net Position	3
<u>Statement 2</u> -	Statement of Revenues, Expenses and Changes in Net Position	4
<u>Statement 3</u> -	Statement of Cash Flows	5
Notes to Financial Statements		6 - 13

SUPPLEMENTAL INFORMATION

<u>Supplemental Schedule 1</u> -	Combining Statement of Net Position	14
<u>Supplemental Schedule 2</u> -	Combining Statement of Revenue, Expenses, and Changes in Net Position	15
<u>Supplemental Schedule 3</u> -	Combining Statement of Cash Flows	16
<u>Supplemental Schedule 4</u> -	Schedule of Lease Agreements with the Agency	17 - 18
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		19 – 20
Schedule of Findings and Responses		21 - 22
Report on Compliance with Section 2925(3)(f) of the New York State Public Authority Law		23



BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Disclaimer of Opinions

We were engaged to audit the financial statements of the business-type activities, and the aggregate remaining fund information of the City of Geneva, Industrial Development Agency, New York, (the Agency), as of and for the years ended September 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

We do not express an opinion on the accompanying financial statements of the Agency. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

Basis for Disclaimer of Opinions

The Agency has not maintained certain accounting records and supporting documents relating to transactions with its customers and suppliers, nor is the Agency's internal control adequate to provide safeguards over Agency assets and to assure the proper recording of transactions as of and for the years ended September 30, 2022 and 2021. Accordingly, we were unable to extend our auditing procedures sufficiently to determine the extent to which the financial statements may have been affected by these conditions.

Responsibilities of Management for the Financial Statements

The Agency's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Agency's financial statements 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 and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 21, 2023 on our consideration of City of Geneva, Industrial Development Agency, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering City of Geneva, Industrial Development Agency, New York's internal control over financial reporting and compliance.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
June 21, 2023

**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
NEW YORK**

STATEMENT OF NET POSITION

September 30, 2022 and 2021

<u>ASSETS:</u>	<u>2022</u>	<u>2021</u>
<u>Current Assets -</u>		
Cash and cash equivalents	\$ 439,157	\$ 144,119
Certificates of deposit	105,000	45,041
Lease receivables	43,715	-
Total Current Assets	\$ 587,872	\$ 189,160
<u>Noncurrent Assets -</u>		
Land held for development and sale	\$ 93,615	\$ 151,239
Lease receivables	365,287	-
Total Noncurrent Assets	\$ 458,902	\$ 151,239
<u>Capital Assets -</u>		
Land	\$ 425,000	\$ 425,000
Work in progress	356,227	356,227
Buildings, net	2,690,477	2,831,293
Total Capital Assets	\$ 3,471,704	\$ 3,612,520
TOTAL ASSETS	\$ 4,518,478	\$ 3,952,919
<u>LIABILITIES:</u>		
<u>Current Liabilities -</u>		
Accounts payable	\$ 336	\$ -
Security deposits	14,745	15,153
Total Current Liabilities	\$ 15,081	\$ 15,153
<u>Noncurrent Liabilities -</u>		
Due to other governments	\$ 195,355	\$ 106,095
Note payable:		
Due and payable within one year	24,411	23,305
Due and payable after one year	435,740	460,081
Total Noncurrent Liabilities	\$ 655,506	\$ 589,481
TOTAL LIABILITIES	\$ 670,587	\$ 604,634
<u>DEFERRED INFLOWS OF RESOURCES:</u>		
Deferred inflows of resources	\$ 409,002	\$ -
<u>NET POSITION:</u>		
Net investment in capital assets	\$ 3,011,553	\$ 3,129,134
Restricted - revolving loan and industrial park		
Unrestricted	427,336	219,151
TOTAL NET POSITION	\$ 3,438,889	\$ 3,348,285

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

**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
NEW YORK**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For Years Ended September 30, 2022 and 2021

<u>OPERATING REVENUES:</u>	<u>2022</u>	<u>2021</u>
Rental income	\$ 368,539	\$ 257,179
Administration Fees	253,128	-
Other revenues	197	30,311
TOTAL OPERATING REVENUES	<u>\$ 621,864</u>	<u>\$ 287,490</u>
<u>OPERATING EXPENSES:</u>		
Administrative	\$ 88,701	\$ 93,075
Depreciation	140,816	140,816
Professional fees	53,639	106,795
Repairs and maintenance	72,366	49,454
Utilities	151,362	80,428
TOTAL OPERATING EXPENSES	<u>\$ 506,884</u>	<u>\$ 470,568</u>
OPERATING INCOME (LOSS)	<u>\$ 114,980</u>	<u>\$ (183,078)</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>		
Interest revenue	\$ 8,706	\$ 430
Miscellaneous revenue	-	18,626
Miscellaneous expense	(125,573)	(3,232)
Interest expense	(22,344)	(23,492)
Sale of Industrial Park Land	157,859	-
Investment in joint venture	(43,024)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>\$ (24,376)</u>	<u>\$ (7,668)</u>
INCREASE (DECREASE) IN NET POSITION	\$ 90,604	\$ (190,746)
NET POSITION - BEGINNING OF YEAR	<u>3,348,285</u>	<u>3,539,031</u>
NET POSITION - END OF YEAR	<u><u>\$ 3,438,889</u></u>	<u><u>\$ 3,348,285</u></u>

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

**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
NEW YORK**

STATEMENT OF CASH FLOWS

For Years Ended September 30, 2022 and 2021

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	<u>2022</u>	<u>2021</u>
Cash received from providing services	\$ 621,456	\$ 308,293
Cash payments contractual expenses	<u>(365,731)</u>	<u>(329,752)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 255,725</u>	<u>\$ (21,459)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Principal payments on note payable	\$ (23,235)	\$ (22,087)
Interest paid on note payable	<u>(22,344)</u>	<u>(23,492)</u>
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>\$ (45,579)</u>	<u>\$ (45,579)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Payments for miscellaneous expenses	\$ (31,963)	\$ 15,394
Interest income	<u>8,706</u>	<u>430</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>\$ 144,851</u>	<u>\$ 15,824</u>
NET INCREASE (DECREASE) IN CASH	\$ 354,997	\$ (51,214)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	189,160	240,374
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 544,157</u>	<u>\$ 189,160</u>
OPERATING INCOME (LOSS)	<u>\$ 114,980</u>	<u>\$ (183,078)</u>
<u>Adjustments to Reconcile Net Income to Net Cash Flows from Operating Activities -</u>		
Depreciation expense	\$ 140,816	\$ 140,816
Increase / (decrease) in liabilities	<u>(71)</u>	<u>20,803</u>
Total Adjustments	<u>\$ 140,745</u>	<u>\$ 161,619</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 255,725</u>	<u>\$ (21,459)</u>

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

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

NOTES TO FINANCIAL STATEMENTS

September 30, 2022 and 2021

I. Summary of Significant Accounting Policies:

The financial statements of the City of Geneva Industrial Development Agency, New York (the Agency) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

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

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

1. Included in the Reporting Entity

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

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

(I.) (Continued)

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

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

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

C. Cash and Cash Equivalents

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

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

D. Accounts Receivable

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

In addition, the Agency will report a receivable relating to a lease arrangement. The receivable is recorded at the present value of the future payments and recognized over the life of the lease.

E. Property and Equipment

Property and equipment is recorded at acquisition cost and depreciated over the estimated useful lives of the respective assets using straight-line and accelerated methods. The cost of repairs, maintenance and minor replacements is expensed as incurred, whereas expenditures that materially extend property lives are capitalized. When depreciable property is retired or otherwise disposed of, the cost and related accumulated depreciation are removed for the accounts and any gain or loss is reflected in income. Depreciation expense amounted to \$140,816 for fiscal year ended September 30, 2022.

(I.) (Continued)

F. Net Position

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

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

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. This affects the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenditures during the reporting periods. Actual results could differ from those estimates.

H. Revenue Recognition

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

I. Operating and Nonoperating Revenues and Expenses

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

J. Income Taxes

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

K. New Accounting Standards

The Agency has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At September 30, 2022, the Agency implemented the following new standards issued by GASB:

GASB has issued Statement 87, *Leases*

(I.) (Continued)

GASB has issued Statement No. 92, *Omnibus 2020, Paragraphs 6, 7, 8, 9, 10, 12*

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates, Paragraphs 11b, 13 and 14*

GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*

GASB has issued Statement No. 98, *The Annual Comprehensive Financial Report*

GASB has issued Statement No. 99, *Omnibus 2022 (extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in GASB Statement 34, as amended, and terminology updates related to GASB Statement 53 and GASB Statement 63)*

L. Future Changes in Accounting Standards

GASB has issued Statement No. 91, *Conduit Debt Obligations*, which will be effective for reporting periods beginning after December 15, 2021.

GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for reporting periods beginning after June 15, 2022.

GASB has issued Statement No. 96, *Subscription Based Information Technology*, which will be effective for reporting periods beginning after June 15, 2022.

GASB has issued Statement No. 99, *Omnibus 2022 (leases, PPPs, and SBITAs)*, which will be effective for reporting periods beginning after June 15, 2022.

GASB has issued Statement No. 99, *Omnibus 2022 (financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement 53)*, which will be effective for reporting periods beginning after June 15, 2023.

GASB has issued Statement No. 100, *Accounting for Changes and Error Corrections-an Amendment of GASB Statement No. 62*, which will be effective for reporting periods beginning after June 15, 2023.

GASB has issued Statement No. 101, *Compensated Absences*, which will be effective for reporting periods beginning after December 15, 2023.

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

II. Changes in Accounting Principles

For the year ended December 31, 2022, the Agency implemented GASB Statement No. 87, *Leases*. The implementation of the statement changes to reporting for leases.

III. Cash, Certificates of Deposit and Investments

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

Collateral is required for demand deposits and certificates of deposits not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

The Agency's aggregate bank balances were fully collateralized at September 30, 2022 and 2021.

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

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

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

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

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

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasurer and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities
- Obligations issued by other than New York State related in one of the three highest rating categories by a least one nationally recognized statistical rating organizations

IV. Receivables

The balance of lease receivables at December 31, is as follows:

	<u>2022</u>	<u>2021</u>
Lease Receivable	\$ 409,002	\$ -
Total Lease Receivable, Net	<u>\$ 409,002</u>	<u>\$ -</u>

The Agency has the following expected future collections for leases:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 43,715	\$ 7,765
2024	36,928	6,952
2025	33,701	6,259
2026	34,380	5,579
2027	35,075	4,885
2028-32	181,280	13,525
2033-35	43,923	1,032
Total	<u>\$ 409,002</u>	<u>\$ 45,997</u>

V. Land Held for Development and Sale

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

V. Capital Assets

The following is a summary of capital assets for the Agency at September 30, 2022:

<u>Type</u>	<u>Balance 10/1/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/22</u>
<u>Capital assets not being Depreciated:</u>				
Land & improvements	\$ 425,000	\$ -	\$ -	\$ 425,000
Work in progress	356,227	-	-	356,227
<i>Total capital assets not being depreciated</i>	<u>\$ 781,227</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 781,227</u>
<u>Other capital assets:</u>				
Buildings and improvements	\$ 5,330,881	\$ -	\$ -	\$ 5,330,881
<i>Total other capital assets at historical cost</i>	<u>\$ 5,330,881</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,330,881</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements	\$ 2,499,588	\$ 140,816	\$ -	\$ 2,640,404
<i>Total accumulated depreciation</i>	<u>\$ 2,499,588</u>	<u>\$ 140,816</u>	<u>\$ -</u>	<u>\$ 2,640,404</u>
<i>Other capital assets, net</i>	<u>\$ 2,831,293</u>	<u>\$ (140,816)</u>	<u>\$ -</u>	<u>\$ 2,690,477</u>
<i>Governmental activities capital assets, net</i>	<u>\$ 3,612,520</u>	<u>\$ (140,816)</u>	<u>\$ -</u>	<u>\$ 3,471,704</u>

VI. Due to Other Governments

Due to other governments represents amounts owed to the Ontario County Industrial Development Agency, and the City of Geneva related to interests in a joint venture. There are no specific repayment terms.

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

The amounts owed to other governments are comprised of the amounts of \$195,355 and \$106,095 at September 30, 2022, and 2021 respectively:

	<u>2022</u>	<u>2021</u>
<u>Joint Venture:</u>		
City of Geneva	\$ 144,825	\$ 78,653
Ontario County IDA	<u>50,530</u>	<u>27,442</u>
Total Due To Other		
Governments-Joint Venture	<u>\$ 195,355</u>	<u>\$ 106,095</u>

VII. 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.

VIII. Long-Term Liabilities

A. Note Payable

The Agency issued a note payable to provide funds for various projects at 122 N. Genesee Street, Geneva, New York. The note payable outstanding at September 30, 2022 is as follows:

	<u>Issue</u>	<u>Original</u>	<u>Interest</u>	<u>Final</u>	<u>Amount</u>
<u>Description</u>	<u>Date</u>	<u>Amount</u>	<u>Rate</u>	<u>Maturity</u>	<u>Outstanding</u>
122 N. Genesee Street	2018	\$ 551,701	4.66%	2036	<u>\$ 460,151</u>
					<u>\$ 460,151</u>

(VIII.) (Continued)

B. Changes in Long-Term Liabilities

Changes in the Agency's long-term liabilities for the year ended September 30, 2022 are as follows:

	<u>Balance</u> <u>10/1/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/2021</u>	<u>Due Within</u> <u>One Year</u>
Note Payable	\$ 483,386	\$ -	\$ 23,235	\$ 460,151	\$ 24,411
Total	<u>\$ 483,386</u>	<u>\$ -</u>	<u>\$ 23,235</u>	<u>\$ 460,151</u>	<u>\$ 24,411</u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 24,411	\$ 20,923
2024	25,577	19,760
2025	26,794	18,543
2026	28,070	17,267
2027	29,406	15,931
2028-32	169,414	57,272
2033-36	156,479	14,435
Total	<u>\$ 460,151</u>	<u>\$ 164,131</u>

IX. Leases

At September 30, 2022 and 2021, 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.

X. Litigation

The Agency was named as a co-defendant in a lawsuit for a foreclosure on a property as of the balance sheet date, however, the property was foreclosed in December of 2022, and the Agency did not incur any liability.

**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
NEW YORK**

COMBINING STATEMENT OF NET POSITION

September 30, 2022

ASSETS:	Operating Fund	Industrial Park	Enterprise Development Center	Reclassifications and Eliminations	Total 2022
<u>Current Assets -</u>					
Cash and cash equivalents	\$ 198,156	\$ 199,048	\$ 41,953	\$ -	\$ 439,157
Certificates of deposit	75,000	30,000	-	-	105,000
Due from GEDC	90,010	-	-	(90,010)	-
Lease receivables	-	-	43,715	-	43,715
Total Current Assets	\$ 363,166	\$ 229,048	\$ 85,668	\$ (90,010)	\$ 587,872
<u>Noncurrent Assets -</u>					
Investment in City of Geneva Industrial Park	\$ 14,240	\$ -	\$ -	\$ (14,240)	\$ -
Land held for development and sale	27,616	65,999	-	-	93,615
Lease receivables	-	-	365,287	-	365,287
Total Noncurrent Assets	\$ 41,856	\$ 65,999	\$ 365,287	\$ (14,240)	\$ 458,902
<u>Capital Assets -</u>					
Land	\$ -	\$ -	\$ 425,000	\$ -	\$ 425,000
Work in Progress	-	-	356,227	-	356,227
Buildings, net	-	-	2,690,477	-	2,690,477
Total Capital Assets	\$ -	\$ -	\$ 3,471,704	\$ -	\$ 3,471,704
TOTAL ASSETS	\$ 405,022	\$ 295,047	\$ 3,922,659	\$ (104,250)	\$ 4,518,478
<u>LIABILITIES:</u>					
<u>Current Liabilities -</u>					
Accounts payable	\$ 336	\$ -	\$ -	\$ -	\$ 336
Security deposits	-	-	14,745	-	14,745
Due to IDA	-	-	90,010	(90,010)	-
Total Current Liabilities	\$ 336	\$ -	\$ 104,755	\$ (90,010)	\$ 15,081
<u>Noncurrent Liabilities -</u>					
Due to other governments	\$ -	\$ 195,355	\$ -	\$ -	\$ 195,355
Note payable:					
Due and payable within one year	-	-	24,411	-	24,411
Due and payable after one year	-	-	435,740	-	435,740
Total Noncurrent Liabilities	\$ -	\$ 195,355	\$ 460,151	\$ -	\$ 655,506
TOTAL LIABILITIES	\$ 336	\$ 195,355	\$ 564,906	\$ (90,010)	\$ 670,587
<u>DEFERRED INFLOWS OF RESOURCES:</u>					
Deferred inflows of resources	\$ -	\$ -	\$ 409,002	\$ -	\$ 409,002
<u>NET POSITION:</u>					
Net investment in capital assets	\$ -	\$ -	\$ 3,011,553	\$ -	\$ 3,011,553
Unrestricted	404,686	99,692	(62,802)	(14,240)	427,336
TOTAL NET POSITION	\$ 404,686	\$ 99,692	\$ 2,948,751	\$ (14,240)	\$ 3,438,889

**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
NEW YORK**

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

For Year Ended September 30, 2022

	Operating	Industrial	Enterprise	Reclassifications	Total
	<u>Fund</u>	<u>Park</u>	<u>Development Center</u>	<u>and Eliminations</u>	<u>2022</u>
<u>OPERATING REVENUES:</u>					
Rental income	\$ 2,535	\$ 4,358	\$ 361,646	\$ -	\$ 368,539
Administration Fees	253,128	-	-	-	253,128
Other revenues	-	-	197	-	197
TOTAL OPERATING REVENUES	\$ 255,663	\$ 4,358	\$ 361,843	\$ -	\$ 621,864
<u>OPERATING EXPENSES:</u>					
Administrative	\$ 36,288	\$ -	\$ 52,413	\$ -	\$ 88,701
Depreciation	-	-	140,816	-	140,816
Professional fees	35,835	2,450	15,354	-	53,639
Repairs and maintenance	-	-	72,366	-	72,366
Utilities	-	-	151,362	-	151,362
TOTAL OPERATING EXPENSES	\$ 72,123	\$ 2,450	\$ 432,311	\$ -	\$ 506,884
OPERATING INCOME (LOSS)	\$ 183,540	\$ 1,908	\$ (70,468)	\$ -	\$ 114,980
<u>NONOPERATING REVENUES (EXPENSES):</u>					
Interest revenue	\$ 35	\$ -	\$ 8,671	\$ -	\$ 8,706
Distribution of partnership income	-	(125,573)	-	-	(125,573)
Interest expense	-	-	(22,344)	-	(22,344)
Sale of Industrial Park Land	76,424	81,435	-	-	157,859
Investment in joint venture	(43,024)	-	-	-	(43,024)
TOTAL NONOPERATING REVENUES (EXPENSES)	\$ 33,435	\$ (44,138)	\$ (13,673)	\$ -	\$ (24,376)
INCREASE (DECREASE) IN NET POSITION	\$ 216,975	\$ (42,230)	\$ (84,141)	\$ -	\$ 90,604
NET POSITION - BEGINNING OF YEAR	187,711	141,922	3,032,892	(14,240)	3,348,285
NET POSITION - END OF YEAR	\$ 404,686	\$ 99,692	\$ 2,948,751	\$ (14,240)	\$ 3,438,889

**CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
NEW YORK**

COMBINING STATEMENT CASH FLOWS

For Year Ended September 30, 2022

	Operating Fund	Industrial Park	Enterprise Development Center	Total 2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Cash received from providing services	\$ 255,663	\$ 4,358	\$ 361,435	\$ 621,456
Cash payments contractual expenses	(71,786)	(2,450)	(291,495)	(365,731)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 183,877	\$ 1,908	\$ 69,940	\$ 255,725
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>				
Principal payments on note payable	\$ -	\$ -	\$ (23,235)	\$ (23,235)
Interest paid on note payable	-	-	(22,344)	(22,344)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	\$ -	\$ -	\$ (45,579)	\$ (45,579)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Sale of land held for investment	\$ -	\$ 611,223	\$ -	\$ 611,223
Distribution of land sale proceeds	76,424	(519,539)	-	(443,115)
Investment in joint venture	(43,024)	11,061	-	(31,963)
Interest income	35	-	8,671	8,706
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$ 33,435	\$ 102,745	\$ 8,671	\$ 144,851
NET INCREASE (DECREASE) IN CASH	\$ 217,312	\$ 104,653	\$ 33,032	\$ 354,997
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	55,844	124,395	8,921	189,160
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 273,156</u>	<u>\$ 229,048</u>	<u>\$ 41,953</u>	<u>\$ 544,157</u>
OPERATING INCOME (LOSS)	<u>\$ 183,540</u>	<u>\$ 1,908</u>	<u>\$ (70,468)</u>	<u>\$ 114,980</u>
<u>Adjustments to Reconcile Net Income to Net Cash Flows from Operating Activities -</u>				
Depreciation expense	\$ -	\$ -	\$ 140,816	\$ 140,816
Increase / (decrease) in liabilities	337	-	(408)	(71)
Total Adjustments	<u>\$ 337</u>	<u>\$ -</u>	<u>\$ 140,408</u>	<u>\$ 140,745</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 183,877</u>	<u>\$ 1,908</u>	<u>\$ 69,940</u>	<u>\$ 255,725</u>

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
New York

SCHEDULE OF LEASE AGREEMENTS WITH THE AGENCY

For Year Ended September 30, 2022

1. Name of Lessee: Ramada Inn
Address of Lessee: 1 Lakefront Drive
Geneva, New York 14456
Date of Lease: 1997
Date of Expiration: 12/31/2027
2. Name of Lessee: Guardian Industries
Address of Lessee: Forge Avenue
Geneva, New York 14456
Date of Lease: 2018
Date of Expiration: 01/31/2036
3. Name of Lessee: Wine Country Hospitality, LLC
Address of Lessee: 383 Hamilton Street
Geneva, New York 14456
Date of Lease: 2016
Date of Expiration: 12/31/2031
4. Name of Lessee: N.P. Massa, LLC
Address of Lessee: 470 Exchange Street
Geneva, New York 14456
Date of Lease: 2017
Date of Expiration: 12/31/2037

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

 Date of Lease: 2013
 Date of Expiration: 12/31/2022
6. Name of Lessee: Geneva Shopping Center, LLC
 Address of Lessee: Hamilton Street
 Geneva, New York 14456

 Date of Lease: 2013
 Date of Expiration: 12/31/2027
7. Name of Lessee: DCMB Ventures, LLC
 Address of Lessee: 459-465 Exchange Street
 Geneva, New York 14456

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



BUSINESS
ADVISORS
AND CPAS

**Report on Internal Control Over Financial Reporting
And on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance
With *Government Auditing Standards***

Independent Auditors' Report

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

We were engaged to audit, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, and the aggregate remaining fund information of the City of Geneva Industrial Development Agency, New York, (Agency) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Geneva Industrial Development Agency, New York's basic financial statements, and have issued our report thereon dated June 21, 2023. Our report disclaims an opinion on such financial statements because the Agency has not maintained certain accounting records and supporting documents relating to transactions with its customers and suppliers, nor is the Agency's internal control adequate to provide safeguards over Agency assets and to assure the proper recording of transactions as of and for the year ended September 30, 2022. Accordingly, we were unable to extend our auditing procedures sufficiently to determine the extent to which the financial statements may have been affected by these conditions.

Report on Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item 2022-001 to be a material weakness.

Report on Compliance and Other Matters

In connection with our engagement to audit the financial statements of the City of Geneva Industrial Development Agency, New York we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and responses as item 2022-002. Additionally, if the scope of our work had been sufficient to enable us to express an opinion on the financial statements, other instances of noncompliance or other matters may have been identified and reported herein.

Agency's Responses to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Agency's response to the findings identified in our engagement and described in the accompanying schedule of findings and responses. The City of Geneva, Industrial Development Agency, New York's responses were not subjected to the other auditing procedures applied in the engagement to audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
June 21, 2023

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

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended September 30, 2022

I. Summary of the Auditor's Results

Financial Statements

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

II. Financial Statement Findings

2022-001 Accounting Records

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 audit adjustments were needed to record capital assets and long-term liabilities, and to adjust beginning equity and current year activity related to the Enterprise Development Center. Additionally, we were unable to obtain and examine documentation to support capital asset balances reported at year end.

Cause: There is a lack of historical documentation related to the acquisition of, and improvements to, the EDC.

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

Recommendation: We recommend that the entity develop a detailed listing of real property, capital improvements, and equipment owned, along with corresponding depreciation schedules in order to meet GAAP requirements. Additionally, a process should be implemented to ensure that balances carrying over in the EDC system agree with final balances from the previous period.

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

In fiscal year 2021-22, IDA management ensured that: 1) audit adjustments were recorded, 2) IDA and Park Partnership bank accounts were reconciled on a monthly basis and provided to the board treasurer for review, 3) the board received written financial statements on a monthly basis. Webster Properties maintains the GEDC books and provides monthly financial statements to the board.

III. Compliance Findings

2022-002 Annual Report and Independent Audit Report

Observation: The IDA must submit a copy of the annual report, independent audit report, a management letter, and any other external examination of the books and accounts of the Agency within 90 days after its fiscal year end. This did not occur for the year ended September 30, 2022 and September 30, 2021 as the audit report was unable to be issued timely.

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

Views of Responsible Officials and Planned Corrective Actions: The IDA board and management will, to the extent that it is within their control, ensure that an audit firm is engaged and ready to begin audit work earlier in the year to avoid late filings.



BUSINESS
ADVISORS
AND CPAS

Independent Auditors' Report

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

We have examined the City of Geneva Industrial Development Agency, New York, (the Agency)'s, compliance with its own investment guidelines, the New York State Comptroller's Investment Guidelines, and Section 2925 of the New York State Public Authorities Law (collectively, investment guidelines) during the period October 1, 2021 to September 30, 2022. The management of the Agency is responsible for the Agency's compliance with the specified requirements. Our responsibility is to express an opinion on the Agency's compliance with the specified requirements based on our examination.

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

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

In our opinion, the Agency complied, in all material respects, with its own investment guidelines, the New York State Comptroller's Investment Guidelines, and Section 2925 of the New York State Public Authorities Law (collectively, investment guidelines) during the period October 1, 2021 to September 30, 2022.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
June 21, 2023