

**AUDITED
FINANCIAL STATEMENTS**

**CITY OF GENEVA DEVELOPMENT
CORPORATION**

DECEMBER 31, 2020

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CITY OF GENEVA DEVELOPMENT CORPORATION
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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of the
City of Geneva Development Corporation
Geneva, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Geneva Development Corporation (the Corporation), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Corporation'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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2020 and 2019, and the changes in its financial position and its cash flows thereof 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 financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2021 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the Corporation'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 Corporation's internal control over financial reporting and compliance.

Freed Maxick CPAs, P.C.

Batavia, New York
March 26, 2021

CITY OF GENEVA DEVELOPMENT CORPORATION
STATEMENTS OF NET POSITION
DECEMBER 31,

	2020	2019
ASSETS		
Cash	\$ 194,490	\$ 36,968
Investments - certificates of deposit	81,135	82,415
Land held for investment	44,567	44,567
Total assets	<u><u>\$ 320,192</u></u>	<u><u>\$ 163,950</u></u>
LIABILITIES AND NET POSITION		
Accounts payable	\$ 35,000	\$ -
Total liabilities	<u><u>\$ 35,000</u></u>	<u><u>\$ -</u></u>
NET POSITION		
Unrestricted	<u><u>285,192</u></u>	<u><u>163,950</u></u>
Total net position	<u><u>285,192</u></u>	<u><u>163,950</u></u>
Total liabilities and net position	<u><u>\$ 320,192</u></u>	<u><u>\$ 163,950</u></u>

CITY OF GENEVA DEVELOPMENT CORPORATION
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31,

	2020	2019
OPERATING REVENUES		
Administration fee	\$ 183,800	\$ -
Total operating revenues	<u>183,800</u>	<u>-</u>
OPERATING EXPENSES		
Contractual expenses	28,756	995
Contribution to City of Geneva	<u>35,000</u>	<u>-</u>
Total operating expenses	<u>63,756</u>	<u>995</u>
Operating income (loss)	120,044	(995)
NONOPERATING REVENUES		
Interest revenues	1,198	1,654
Total nonoperating revenues	<u>1,198</u>	<u>1,654</u>
Change in net position	121,242	659
Net position - beginning	<u>163,950</u>	<u>163,291</u>
Net position - ending	<u>\$ 285,192</u>	<u>\$ 163,950</u>

See notes to accompanying financial statements.

CITY OF GENEVA DEVELOPMENT CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31,

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from administrative fee revenue	\$ 183,800	\$ -
Payments for contractual and legal expenses	(28,756)	(995)
Net cash provided (used) by operating activities	<u>155,044</u>	<u>(995)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest income	1,198	1,654
Proceeds from sale of investments	82,415	80,799
Purchase of investments	(81,135)	(82,415)
Net cash provided by investing activities	<u>2,478</u>	<u>38</u>
Net increase (decrease) in cash	<u>157,522</u>	<u>(957)</u>
Cash - beginning of year	<u>36,968</u>	<u>37,925</u>
Cash - end of year	<u>\$ 194,490</u>	<u>\$ 36,968</u>
Reconciliation of operating income (loss)		
to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 120,044	\$ (995)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Increase in accounts payable	<u>35,000</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ 155,044</u>	<u>\$ (995)</u>

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CITY OF GENEVA DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Geneva Development Corporation (the Corporation) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. 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 Corporation's accounting policies are described below.

Reporting Entity: The Corporation was formed under the Not-for-Profit Corporation Law of the State of New York for the purpose of creating employment opportunities, thereby improving the quality and condition of life in the City of Geneva, New York (the City). This is accomplished by encouraging and affecting the retention of existing business and industry, as well as encouraging the location and expansion of residential, commercial, industrial, and manufacturing facilities in the City. The Corporation is subject to the provisions of the New York State Public Authorities Law. As a local authority under this law, the Corporation is required to make certain information available to the public.

The financial reporting entity includes organizations, functions, and activities over which appointed officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing agency, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

Basis of Presentation: The Corporation's financial statements consist of three statements that provide information about the Corporation's activities. The first statement is the Statements of Net Position, which lists all of the Corporation's assets and liabilities, with the difference reported as net position. The second statement is the Statements of Revenues, Expenses and Changes in Net Position, which details how the Corporation's net position changed during the current year based on the reporting of the revenues and expenses recognized by the Corporation. The third statement is the Statements of Cash Flows, which reports the activities that provide or use the cash of the Corporation.

Cash and Investments: The Corporation cash consists of demand deposits. Investments consist of certificates of deposit with maturities of less than one year and are stated at amortized cost.

Income Taxes: The Corporation is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been provided for in the financial statements. The Corporation files its Return for Organization Exempt from Income Tax in the U.S. federal jurisdiction and its Annual Filing of Charitable Organization in New York State.

Net Position: Net position is classified into categories according to external donor restrictions or availability of assets for satisfaction of the Corporation's obligations. The Corporation's net position is classified as follows:

Restricted Net Position: This includes assets in which the Corporation is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. The Corporation did not have any restricted net position as of December 31, 2020 and 2019.

Unrestricted Net Position: Unrestricted net position represents resources derived from operating revenue. These resources are used for transactions relating to the general operations of the Corporation and may be used at the discretion of the Board of Directors to meet current expenses for any purpose.

Measurement Focus and Basis of Accounting: The financial statements of the Corporation 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 Corporation 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.

Statements of Cash Flows: For the purpose of the statement of cash flows, the Corporation considers cash to be all cash and cash equivalents.

CITY OF GENEVA DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

Operating and Nonoperating Revenues and Expenses: The Corporation 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 Corporation's principal ongoing operations. The principal operating revenues of the Corporation's funds are administrative fees. Operating expenses for the Corporation include the cost of the operations and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Accounting Pronouncements: On May 8, 2020, the GASB issued Statement No. 95, *Postponement of Effective Dates of Certain Authoritative Guidance* in response to the COVID-19 pandemic. The effective dates of GASB Statements not yet implemented by the Corporation have been updated below to reflect the impact of this Statement. There were no new GASB Statements implemented by the Corporation for the year ended December 31, 2020.

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

- Statement No. 87, *Leases*, which will be effective for the year ending December 31, 2022.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for the year ending December 31, 2021.
- Statement No. 91, *Conduit Debt Obligations*, which will be effective for the year ending December 31, 2022.
- Statement No. 92, *Omnibus 2020*, which will be effective for the year ending December 31, 2022.
- Statement No. 93, *Replacement of Interbank Offered Rates*, which will be effective for the year ending December 31, 2021, except for paragraph 11b, which will be effective for the year ending December 31, 2022.
- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for the year ending December 31, 2023.
- Statement No. 96, *Subscription-Based Information Technology Arrangements*, which will be effective for the year ending December 31, 2023.
- Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32*, which will be effective for the year ending December 31, 2022.

Reclassifications: Certain prior year amounts have been reclassified to conform with current year presentation in the statements of cash flows.

NOTE 2. DEPOSITS AND INVESTMENTS

The Corporation 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 Board of Directors.

Collateral is required for demand and time deposits and certificates of deposit 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 municipalities and school districts.

The Corporation's aggregate bank balances were fully collateralized by the Federal Deposit Insurance Act (FDIC) at December 31, 2020 and 2019.

Interest Rate Risk: Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The Corporation'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 DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

Credit Risk: The Corporation'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 Corporation's investment and deposit policy authorizes it 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. All deposits of the Corporation including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the FDIC shall be secured by a pledge of securities with an aggregate value equal to 102% of the aggregate amount of deposits. The Corporation 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.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations.

Investments: The Corporation has \$81,135 and \$82,415 invested in certificates of deposit as of December 31, 2020 and 2019, respectively. These certificates of deposit have maturity dates of less than one year.

Fair Value of Investments: The Corporation measures and records its investments using fair value measurement guidelines established by U.S. GAAP. These guidelines recognize a three-tiered fair value hierarchy as follows:

Level 1: Quoted process for identical investments in active markets.
Level 2: Observable inputs other than those in Level 1.
Level 3: Unobservable inputs.

Certificates of deposit are classified as level 1 on the fair value hierarchy.

NOTE 3. LAND HELD FOR INVESTMENT

The Corporation has an asset of land that is being held for future development in the amount of \$44,567 as of December 31, 2020 and 2019. This investment represents the Corporation's share of joint venture between the Corporation, City of Geneva Industrial Development Agency and City of Geneva.

NOTE 4. BOND ISSUANCE ADMINISTRATIVE FEE

The Corporation approved the issuance of the Hobart and William Smith Colleges taxable revenue bonds in the amount of \$36,000,000 in February 2020, of which the Corporation collected an administrative fee of \$183,800 for the year ended December 31, 2020. There were no such fees received for the year ended December 31, 2019.

NOTE 5. CONTINGENCIES

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The Corporation's management has assessed these events and the impact of these restrictions and closures related to the Corporation's operations. As of the date of these financial statements and as these events continue to unfold, management believes there will be minimal impact to the Corporation.

CITY OF GENEVA DEVELOPMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 26, 2021 which is the date these financial statements were available to be issued and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.



**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 Development Corporation
Geneva, New York

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 financial statements of the City of Geneva Development Corporation (the Corporation), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Corporation's financial statements, and have issued our report thereon dated March 26, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 Corporation's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Freed Maxick CPAs, P.C.

Batavia, New York
March 26, 2021



INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Directors of the
City of Geneva Local Development Corporation
47 Castle Street
Geneva, New York

We have examined the City of Geneva Local Development Corporation's (the Corporation) 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 January 1, 2020 to December 31, 2020. Management of the Corporation is responsible for the Corporation's compliance with the specified requirements. Our responsibility is to express an opinion on the Corporation'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 Corporation complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Corporation 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 Corporation's compliance with specified requirements.

In our opinion, the Corporation complied, in all material respects, with the aforementioned requirements during the period January 1, 2020 to December 31, 2020.

This report is intended solely for the information and use of the Board of Directors, management and others within the Corporation 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
March 26, 2021