

BASIC FINANCIAL STATEMENTS

CITY OF GENEVA
INDUSTRIAL DEVELOPMENT AGENCY

SEPTEMBER 30, 2011 and 2010
with
INDEPENDENT AUDITOR'S REPORT

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY

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SECTION A
FINANCIAL SECTION



Independent Auditor's Report

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

We have audited the accompanying basic financial statements of the City of Geneva Industrial Development Agency (the Agency) as of September 30, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Agency's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Agency's management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of September 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2011, on our consideration of the Agency's internal control over financial reporting and 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 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 internal control over financial reporting and on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Agency's basic financial statements. The accompanying supplementary information as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Combining Schedule of Net Assets and the Combining Schedule of Revenues, Expenses and Changes in Net Assets have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Industrial Revenue Bonds and 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 express no opinion on them.

The Agency has not presented the management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Freed Maxick & Battaglia, CPAs, PC

Batavia, New York
December 28, 2011



CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF NET ASSETS

SEPTEMBER 30,

ASSETS

	<u>2011</u>	<u>2010</u>
Current assets:		
Cash and cash equivalents	\$ 377,929	\$ 396,015
Accounts receivable, net	1,198	4,111
Loan receivable - current	3,705	5,062
Total current assets	<u>382,832</u>	<u>405,188</u>
Property:		
Land	425,000	425,000
Building, net	3,262,824	3,376,207
Total property	<u>3,687,824</u>	<u>3,801,207</u>
Other assets:		
Certificates of deposit	262,115	291,356
Land held for development and sale	123,622	123,622
Total other assets	<u>385,737</u>	<u>414,978</u>
Total assets	<u>\$ 4,456,393</u>	<u>\$ 4,621,373</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 13,018	\$ 17,399
Security deposits	19,372	10,265
Deferred revenue	1,978	2,997
Total current liabilities	<u>34,368</u>	<u>30,661</u>
Noncurrent liabilities:		
Due to other governments	<u>604,780</u>	<u>586,438</u>
Total noncurrent liabilities	<u>604,780</u>	<u>586,438</u>
Total liabilities	639,148	617,099
Net assets:		
Invested in capital assets	3,687,824	3,801,207
Unrestricted	<u>129,421</u>	<u>203,067</u>
Total net assets	<u>3,817,245</u>	<u>4,004,274</u>
Total liabilities and net assets	<u>\$ 4,456,393</u>	<u>\$ 4,621,373</u>

See notes to financial statements.

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

	<u>2011</u>	<u>2010</u>
Operating revenues:		
Rental income	\$ 146,316	\$ 103,911
Other revenues	7,445	56,694
	153,761	160,605
Operating expenses:		
Administrative	22,228	16,586
Bad debt	-	9,769
Contractual	67,241	59,664
Depreciation	113,383	117,418
Miscellaneous	27	21,821
Office expense	20,238	21,125
Professional fees	9,071	9,054
Repairs and maintenance	52,757	32,814
Staff stipends	36,504	36,624
Utilities	52,616	46,218
	374,065	371,093
Operating loss	(220,304)	(210,488)
Nonoperating revenues (expenses):		
Interest income	2,034	2,393
Loss of sale of capital asset	-	(84,155)
Support	31,241	-
Total nonoperating revenues (expenses)	33,275	(81,762)
Change in net assets	(187,029)	(292,250)
Net assets - beginning of year	4,004,274	4,296,524
Net assets - end of year	\$ 3,817,245	\$ 4,004,274

See notes to financial statements.

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30,

	<u>2011</u>	<u>2010</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Receipts from providing services	\$ 148,210	\$ 111,595
Payments to service providers and suppliers	(255,956)	(235,142)
Other revenues	<u>7,445</u>	<u>56,694</u>
Net cash used by operating activities	<u>(100,301)</u>	<u>(66,853)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Net proceeds/purchases from joint venture	18,342	7,697
Proceeds from support revenue	<u>31,241</u>	<u>-</u>
Net cash provided by operating activities	49,583	7,697
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Net proceeds/purchases of certificates of deposit	29,241	(1,304)
Interest revenues	2,034	2,393
Repayments of loans receivable	<u>1,357</u>	<u>5,692</u>
Net cash provided by investing activities	<u>32,632</u>	<u>6,781</u>
Net decrease in cash and cash equivalents	(18,086)	(52,375)
Cash and cash equivalents - beginning of the year	<u>396,015</u>	<u>448,390</u>
Cash and cash equivalents - end of the year	<u>\$ 377,929</u>	<u>\$ 396,015</u>
Reconciliation of change in net assets to cash used by operating activities		
Loss from operations	\$ (220,304)	\$ (210,488)
Adjustments to reconcile income from operations to net cash used by operating activities:		
Depreciation	113,383	117,418
Change in assets and liabilities:		
Decrease in:		
Accounts receivable	2,913	7,248
Increase (decrease) in:		
Accounts payable	(4,381)	14,938
Security deposits	9,107	3,595
Deferred revenue	<u>(1,019)</u>	<u>436</u>
Net cash (used) by operating activities	<u>\$ (100,301)</u>	<u>\$ (66,853)</u>

See notes to financial statements.

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO 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.

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 assets which lists all of the Agency's assets and liabilities, with the difference reported as net assets. The net assets are classified as invested in capital assets and unrestricted net assets. The second statement is the statement of revenues, expenses and changes in net assets which details how the Agency's net assets 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 Assets

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

- a. Invested in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation.
- b. Unrestricted net assets - All other net assets that do not meet the definition of "invested in capital assets".

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. In accordance with Governmental Accounting Standards Board (GASB) Codification Section P80, the Agency has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, including those issued on or before November 30, 1989, as well as those issued after November 30, 1989 that are developed for business enterprises, except for those pronouncements which conflict with or contradict GASB pronouncements.

Accounts Receivable

Accounts receivable 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 account receivables to amounts management expects will be collected. Management determined that no allowances were necessary at September 30, 2011.

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. As of September 30, 2011 and 2010 depreciation expense amounted to \$113,383 and \$117,418, respectively.

Use of Estimates in Preparation of Financial Statements

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

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Statement of Cash Flows

For the purpose of the statement of cash flows, the Agency considers cash to be all unrestricted and restricted cash accounts including demand accounts and certificates of deposit with an original maturity of three months or less.

Reclassification

Certain reclassifications have been made to the 2010 financial statements to conform with the current year presentation.

Subsequent Events

These financial statements have not been updated for subsequent events occurring after December 28, 2011 which is the date these financial statements were available to be issued.

NOTE 2 - CASH 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.

Investment and Deposit Policy

The Agency implemented Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*.

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 Director.

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - CASH AND INVESTMENTS (Continued)

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 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. All acquisition and holding costs relating to these investments have been capitalized.

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - LOAN RECEIVABLE

The Agency provides low interest loans to businesses located in the City of Geneva in order to encourage economic development. Loan receivable consisted of the following at September 30:

Phytobials, LLC, monthly installments of principal and interest over five years commencing May 1, 2005. Annual interest rate of 5%. The following schedule shows the current and long term portions of the loan receivable.

	<u>2011</u>	<u>2010</u>
Current portion	\$ 3,705	\$ 5,062
Long-term	-	-
Total	\$ 3,705	\$ 5,062

NOTE 5 - FIXED ASSETS

Capital asset activity for the year ended September 30, 2011, was as follows:

	<u>Balance</u> <u>9/30/10</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>9/30/11</u>
<u>Governmental activities:</u>				
Land	\$ 425,000	\$ _____	\$ _____	\$ 425,000
Total capital assets, not being depreciated	\$ 425,000	\$ _____	\$ _____	\$ 425,000
<u>Capital assets, being depreciated:</u>				
Building	\$ 3,825,000	\$ _____	\$ _____	\$ 3,825,000
Improvements	664,214	_____	_____	664,214
Total capital assets, being depreciated	4,489,214	_____	_____	4,489,214
<u>Less accumulated depreciation</u>				
Buildings	995,694	95,625	_____	1,091,319
Improvements	117,313	17,758	_____	135,071
Total accumulated depreciation	1,113,007	113,383	_____	1,226,390
Total capital assets, being depreciated - net	3,376,207	(113,383)	_____	3,262,824
Governmental activates capital assets, net	\$ 3,801,207	\$ (113,383)	_____	\$ 3,687,824

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - 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. The following amounts represent the allocations of due to other governments:

	<u>2011</u>	<u>2010</u>
Ontario County	\$ 466,731	\$ 466,731
City of Geneva	91,786	79,590
Ontario County IDA	32,023	27,768
Geneva Growth	<u>14,240</u>	<u>12,348</u>
Total due to joint venture	<u>138,049</u>	<u>119,706</u>
Total due to other governments	\$ <u>604,780</u>	\$ <u>586,438</u>

NOTE 7 - RELATED PARTIES

The City of Geneva Industrial Development Agency and the Geneva Enterprise Development Center have an outstanding receivable/payable between the entities. The Agency's board has approved the suspended payment on the receivable and interest has been accrued on the outstanding amount of \$255,497 for 2011 and 2010. The total interest accrued as of 2011 and 2010, respectively, totaled \$161,204 and \$137,437.

NOTE 8 - 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.

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LEASES

At September 30, 2011 and 2010, 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 their financial records.

NOTE 10 - FUTURE GASB PRONOUNCEMENTS

**A. CODIFICATION OF ACCOUNTING AND FINANCIAL REPORTING GUIDANCE
CONTAINED IN PRE-NOVEMBER 30, 1989 FASB AND AICPA PRONOUNCEMENTS.**

The Governmental Accounting Standards Board (GASB) recently issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989:

- Financial Accounting Standards Board (FASB) Statements and Interpretations
- Accounting Principles Board Opinions
- Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedure.

While the guidance included largely has been taken "as is" from the original FASB and AICPA pronouncements, it has been modified when appropriate to relate specifically to the governmental environment to increase its usefulness to this audience. By incorporating and maintaining this guidance in a single source, the Statement reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports. It also eliminates the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments. The requirements of Statement No. 62 are effective for financial statements for periods beginning after December 15, 2011. Earlier application is encouraged.

SUPPLEMENTARY INFORMATION

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF INDUSTRIAL REVENUE BONDS ISSUED BY THE AGENCY
FOR THE YEAR ENDED SEPTEMBER 30, 2011

1	Name of Project	Colleges of the Seneca
	Address of Owner	100 Pulteney Street Geneva, NY 14456
	Issue Amount	\$10,120,000
	Purpose of Issue	Construction
	Date of Issue	9/1/2001
	Interest Rate	Varies
	Maturity Date	9/1/2031
2	Name of Project	Colleges of the Seneca
	Address of Owner	100 Pulteney Street Geneva, NY 14456
	Issue Amount	\$22,115,000
	Purpose of Issue	Construction
	Date of Issue	2/1/2003
	Interest Rate	Varies
	Maturity Date	2/1/2033
3	Name of Project	Colleges of the Seneca
	Address of Owner	100 Pulteney Street Geneva, NY 14456
	Issue Amount	\$31,250,000
	Purpose of Issue	Construction
	Date of Issue	12/1/2007
	Interest Rate	Varies
	Maturity Date	12/1/2017
4	Name of Project	FL United Cerebral Palsy
	Address of Owner	PreEmption Road Geneva, NY 14456
	Issue Amount	\$1,240,000
	Purpose of Issue	Construction
	Date of Issue	5/1/2003
	Interest Rate	4.75%
	Maturity Date	9/1/2016

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF LEASE AGREEMENTS WITH THE AGENCY
FOR THE YEAR ENDED SEPTEMBER 30, 2011

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
3 Name of Lessee:	Guardian Industries
Address of Lessee:	Forge Avenue Geneva, NY 14456
Date of Lease:	1998
Date of Expiration:	1/31/2023
4 Name of Lessee:	Nicholas Massa
Address of Lessee:	70 Elizabeth Blackwell Street Geneva, NY 14456
Date of Lease:	1994
Date of Expiration:	5/1/2014
5 Name of Lessee:	Zotos International
Address of Lessee:	300 Forge Ave Geneva, NY 14456
Date of Lease:	1997
Date of Expiration:	5/1/2022

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF LEASE AGREEMENTS WITH THE AGENCY
FOR THE YEAR ENDED SEPTEMBER 30, 2011

(Continued)

6 Name of Lessee:	Lake Street Hotel LLC
Address of Lessee:	43 Lake Street
	Geneva, NY 14456
Date of Lease:	2005
Date of Expiration:	6/30/2017
7 Name of Lessee:	Lyons National Bank
Address of Lessee:	399 Exchange Street
	Geneva, NY 14456
Date of Lease:	2004
Date of Expiration:	5/1/2014

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
COMBINING STATEMENT OF NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	City of Geneva Industrial Development Agency	Geneva Industrial Park	Geneva Enterprise Development Center	Reclassifications and Eliminations	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 220,026	\$ 145,162	\$ 12,741	\$ -	\$ 377,929
Accounts receivable, net	-	-	1,198	-	1,198
Loan receivable - current	3,705	-	-	-	3,705
Accrued interest receivable	161,204	-	-	(161,204)	-
Due from other governments	255,497	-	-	(255,497)	-
Total current assets	640,432	145,162	13,939	(416,701)	382,832
Property:					
Land	-	-	425,000	-	425,000
Building, net	-	-	3,262,824	-	3,262,824
Total Property	-	-	3,687,824	-	3,687,824
Other assets:					
Certificates of deposit	262,115	-	-	-	262,115
Land held for development and sale	-	123,622	-	-	123,622
Total other assets	262,115	123,622	-	-	385,737
Total assets	\$ 902,547	\$ 268,784	\$ 3,701,763	\$ (416,701)	\$ 4,456,393

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
COMBINING STATEMENT OF NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2011
(Continued)

	City of Geneva Industrial Development Agency	Geneva Industrial Park	Geneva Enterprise Development Center	Reclassifications and Eliminations	Total
Current liabilities:					
Accounts payable	\$ -	\$ -	\$ 13,018	\$ -	\$ 13,018
Security deposits	-	-	19,372	-	19,372
Deferred revenue	-	-	1,978	-	1,978
Accrued interest payable	-	-	161,204	(161,204)	-
Total current liabilities	-	-	195,572	(161,204)	34,368
Noncurrent liabilities:					
Due to other governments - county - GEDC	-	-	466,731	-	466,731
Due to other governments - joint venture	-	138,049	-	-	138,049
Due to other governments - GEDC	-	-	255,497	(255,497)	-
Total noncurrent liabilities	-	138,049	722,228	(255,497)	604,780
Total liabilities	-	138,049	917,800	(416,701)	639,148
Net assets:					
Invested in capital assets	-	-	3,687,824	-	3,687,824
Unrestricted	902,547	130,735	(903,861)	-	129,421
Total net assets	902,547	130,735	2,783,963	-	3,817,245
Total liabilities and net assets	\$ 902,547	\$ 268,784	\$ 3,701,763	\$ (416,701)	\$ 4,456,393

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
COMBINING STATEMENT OF NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	City of Geneva Industrial Development Agency	Geneva Industrial Park	Geneva Enterprise Development Center	Reclassifications and Eliminations	Total
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 267,347	\$ 125,874	\$ 2,794	\$ -	\$ 396,015
Accounts receivable, net	-	-	4,111	-	4,111
Loan receivable - current	5,062	-	-	-	5,062
Accrued interest receivable	137,437	-	-	(137,437)	-
Due from other governments	255,497	-	-	(255,497)	-
Total current assets	665,343	125,874	6,905	(392,934)	405,188
Property:					
Land	-	-	425,000	-	425,000
Building, net	-	-	3,376,207	-	3,376,207
Total Property	-	-	3,801,207	-	3,801,207
Other assets:					
Certificates of deposit	291,356	-	-	-	291,356
Land held for development and sale	-	123,622	-	-	123,622
Total other assets	291,356	123,622	-	-	414,978
Total assets	\$ 956,699	\$ 249,496	\$ 3,808,112	\$ (392,934)	\$ 4,621,373

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
COMBINING STATEMENT OF NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(Continued)

	City of Geneva Industrial Development Agency	Geneva Industrial Park	Geneva Development Center	Reclassifications and Eliminations	Total
Current liabilities:					
Accounts payable	\$ -	\$ -	\$ 17,399	\$ -	\$ 17,399
Security deposits	-	-	10,265	-	10,265
Deferred revenue	-	-	2,997	-	2,997
Accrued interest payable	-	-	137,437	(137,437)	-
Total current liabilities	-	-	168,098	(137,437)	30,661
Noncurrent liabilities:					
Due to other governments - county - GEDC	-	-	466,731	-	466,731
Due to other governments - joint venture	-	119,707	-	-	119,707
Due to other governments - GEDC	-	-	255,497	(255,497)	-
Total noncurrent liabilities	-	119,707	722,228	(255,497)	586,438
Total liabilities	-	119,707	890,326	(392,934)	617,099
Net assets:					
Invested in capital assets	-	-	3,801,207	-	3,801,207
Unrestricted	956,699	129,789	(883,421)	-	203,067
Total net assets	956,699	129,789	2,917,786	-	4,004,274
Total liabilities and net assets	\$ 956,699	\$ 249,496	\$ 3,808,112	\$ (392,934)	\$ 4,621,373

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2011

	City of Geneva Industrial Development Agency	City of Geneva Industrial Park	Geneva Enterprise Development Center	Reclassifications and Eliminations	Total
Operating revenues:					
Rental income	\$ -	\$ 946	\$ 145,370	\$ -	\$ 146,316
Other revenue	27	-	7,418	-	7,445
Total revenues	27	946	152,788	-	153,761
Operating expenses:					
Administrative	-	-	22,228	-	22,228
Bad debt	-	-	-	-	-
Contractual	67,241	-	-	-	67,241
Depreciation	-	-	113,383	-	113,383
Miscellaneous	-	-	27	-	27
Office expense	3,668	-	16,570	-	20,238
PILOTS	-	-	-	-	-
Professional fees	9,071	-	-	-	9,071
Repairs and maintenance	-	-	52,757	-	52,757
Staff Stipends	-	-	36,504	-	36,504
Utilities	-	-	52,616	-	52,616
Total expenses	79,980	-	294,085	-	374,065
Operating income (loss)	(79,953)	946	(141,297)	-	(220,304)

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED SEPTEMBER 30, 2011

(Continued)

	City of Geneva Industrial Development Agency	City of Geneva Industrial Park	Geneva Enterprise Development Center	Reclassifications and Eliminations	Total
Nonoperating revenues (expenses):					
Interest income	25,801	-	-	(23,767)	2,034
Interest expense	-	-	(23,767)	23,767	-
Support	-	-	31,241	-	31,241
Total nonoperating revenues (expenses)	25,801	-	7,474	-	33,275
Change in net assets	(54,152)	946	(133,823)	-	(187,029)
Net assets - beginning of year	956,699	129,789	2,917,786	-	4,004,274
Net assets - end of year	\$ 902,547	\$ 130,735	\$ 2,783,963	\$ -	\$ 3,817,245

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	City of Geneva Industrial Development Agency	City of Geneva Industrial Park	Geneva Enterprise Development Center	Reclassifications and Eliminations	Total
Operating revenues:					
Rental income	\$ -	\$ 993	\$ 102,918	\$ -	\$ 103,911
Other revenue	48,307	-	10,414	(2,027)	56,694
Total revenues	48,307	993	113,332	(2,027)	160,605
Operating expenses:					
Administrative	-	-	16,586	-	16,586
Bad debt	-	-	9,769	-	9,769
Contractual	54,852	-	-	-	54,852
Depreciation	-	-	117,418	-	117,418
Miscellaneous	1,821	-	22,027	(2,027)	21,821
Office expense	3,724	588	16,813	-	21,125
Professional fees	9,045	9	-	-	9,054
Repairs and maintenance	-	-	32,814	-	32,814
Staff Stipends	4,812	-	36,624	-	41,436
Utilities	-	-	46,218	-	46,218
Total expenses	74,254	597	298,269	(2,027)	371,093
Operating income (loss)	(25,947)	396	(184,937)	-	(210,488)

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2010
(Continued)

	City of Geneva Industrial Development Agency	City of Geneva Industrial Park	Geneva Enterprise Development Center	Reclassifications and Eliminations	Total
Nonoperating revenues (expenses):					
Interest income	139,830	-	-	(137,437)	2,393
Interest expense	-	-	(137,437)	137,437	-
Loss on disposal of assets	-	-	(84,155)	-	(84,155)
Total nonoperating revenues (expenses)	139,830	-	(221,592)	-	(81,762)
Change in net assets	113,883	396	(406,529)	-	(292,250)
Net assets - beginning of year	842,816	129,393	3,324,315	-	4,296,524
Net assets - end of year	\$ 956,699	\$ 129,789	\$ 2,917,786	\$ -	\$ 4,004,274

SECTION B

INTERNAL CONTROL AND COMPLIANCE



**Independent Auditor's 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***

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

We have audited the financial statements of the City of Geneva Industrial Development Agency (the Agency) as of and for the year ended September 30, 2011, and have issued our report thereon dated December 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Agency is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Agency's internal control over financial reporting 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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 is required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the board of directors of the City of Geneva Industrial Development Agency, 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 & Battaglia, CPAs, PC

Batavia, New York
December 28, 2011

CITY OF GENEVA INDUSTRIAL DEVELOPMENT AGENCY
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2011

FINDINGS - FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

10-1. Financial Accounting and Reporting

Condition: Among other critical data, management of the Agency prepares timely informative monthly financial statements and comparative statistics for use by the Board and others within the Agency. As part of its responsibility, management proactively communicates with us to ensure its internal financial statements are in accordance with the appropriate generally accepted accounting principles, and that new or unusual transactions have been addressed. However, management requests that we draft the annual audited financial statements and footnote disclosures.

Criteria: Although management's internal financial statements rarely require adjustment, an auditor cannot be part of the Agency's internal control. Accordingly, we believe management's need for our assistance results in a significant deficiency in the Agency's internal control over financial reporting.

Effect: Management requests that we draft the annual audited financial statements and footnote disclosures.

Status: No recurrence of this finding in the current year.