



2011 Assessment of the Effectiveness of Internal Controls
Genesee County Funding Corporation (GCFC)

The GCFC is managed by the Genesee County Industrial Development Agency D/B/A Genesee County Economic Development Center (GCEDC). Internal controls of the GCEDC are relied on.

Internal Controls

The accounting, financial reporting, and cash management functions are carried out relying on a multitude of internal controls. Examples of some of the controls used are listed below:

- Payroll for the GCEDC's employees is processed externally by a payroll processing company, Complete Payroll Processing, Inc. (CPP). The Office Manager and/or CFO verifies that payments are only made to employees that are entitled to be paid. – ***Low risk.***
- All invoices must be reviewed and verified by the CFO, CEO or Sr. VP of Operations. All checks require two signatures, with one of the signatures being a board member. The CEO and Sr. VP of Operations are the only two employees authorized to sign checks. The CFO opens and reviews all bank statements and bank reconciliations. – ***Multiple persons signing off on the process and independent reviews makes this low risk.***
- All checks received by the corporation are recorded and stamped "for deposit only" by the Office Manager and given to the CFO for review. The CFO ensures that all funds are coded and that each transaction is recorded in Peachtree. The deposit slips are then prepared by an Administrative Assistant and given to the Office Manager to deposit in the bank. The deposit receipt from the bank is then attached to the appropriate back up for the deposit. – ***Bank verification and receipts make this low risk.***

Note: Internal controls are reviewed continuously and adjustments are made as necessary. Upon the addition of a Sr. VP of Operations in 2010, he was added as a back-up for the CFO in the event of her absence.

The system of controls applicable to the GCEDC was last reviewed by the GCEDC's Audit Committee on March 31, 2011 and the GCFC's Board of Directors on April 13, 2011. These reviews affirmed that there are no material control weaknesses to be reported. The GCEDC and GCFC undergo annual financial audits by an independent CPA firm. While auditors are not engaged to perform an audit of internal controls, auditors do provide management letter

comments when they encounter internal weaknesses. No material weaknesses have been identified by the independent auditors.

In summary, the present internal control structure appears to be sufficient to meet internal control objectives that pertain to the prevention and detection of errors and irregularities.

Reviewed by Management:

Chief Executive Officer

Chief Financial Officer