



Meeting Agenda – Audit and Finance Committee
 Genesee County Economic Development Center
 Tuesday, October 27, 2020 – 8:30 a.m.
 Location: Electronically

Page #	Topic	Discussion Leader	Desired Outcome
	1. Call To Order – Enter Public Session Because of the Novel Coronavirus (COVID-19) Emergency and State and Federal bans on large meetings or gatherings and pursuant to Governor Cuomo’s Executive Order 202.1 issued on March 12, 2020 suspending the Open Meetings Law, this Meeting is being held electronically via conference call / video conference instead of a public meeting open for the public to attend in person.	M. Gray	
	1a. Executive Session: Motion to enter executive session under the Public Officers Law, Article 7, Open Meetings Law Section 105 for the following reasons: 1. Discussions regarding proposed, pending or current litigation.	M. Gray	
	1b. Enter Public Session		
2-5	2. Chairman’s Report & Activities 2a. Agenda Additions / Other Business 2b. Minutes: September 29, 2020	M. Gray	Vote
	3. Discussions / Official Recommendations to the Board:		
6	3a. \$33M STAMP Grant Review YTD	L. Farrell	Discussion
7	3b. \$8M STAMP Grant Review YTD	L. Farrell	Discussion
8-11	3c. September 2020 Financial Statements	L. Farrell	Disc / Vote
12	3d. GCEDC 1+3 Budget	L. Farrell	Disc / Vote
13-19	3e. Auditor Selection	L. Farrell	Disc / Vote
20	3f. Key Bank Line of Credit Renewal	M. Masse	Discussion
	4. Adjournment	M. Gray	Vote

GCEDC Audit & Finance Committee Meeting

Tuesday, September 29, 2020

Locations: Electronically

8:30 a.m.



MINUTES

ATTENDANCE

Committee Members: A. Young, P. Zeliff, M. Gray
Staff: L. Farrell, M. Masse, L. Casey, P. Kennett, J. Krencik, S. Hyde, C. Suozzi
Guests: D. Cunningham (GGLDC Board Member), T. Bender (GGLDC/GCEDC Board Member), T. Felton (GGLDC Board Member), R. Gaenzle (Harris Beach)
Absent: P. Battaglia

1. CALL TO ORDER / ENTER PUBLIC SESSION

M. Gray called the meeting to order at 8:32 a.m. via conference call / video conference.

Because of the Novel Coronavirus (COVID-19) Emergency and State and Federal bans on large meetings or gatherings and pursuant to Governor Cuomo’s Executive Order 202.1 issued on March 12, 2020 suspending the Open Meetings Law, this Meeting is being held electronically via conference / video conference call instead of a public meeting open for the public to attend in person.

1a. Executive Session:

A. Young made a motion to enter executive session at 8:36 a.m. under the Public Officers Law, Article 7, Open Meetings Law Section 105 for the following reasons, seconded by P. Battaglia and approved by all members present:

- 1. Discussions regarding proposed, pending or current litigation.

1b. Re-Enter Public Session – P. Zeliff made a motion to enter back into public session at 8:44 a.m., seconded by A. Young and approved by all members present.

2. CHAIRMAN’S REPORT & ACTIVITIES:

2a. Agenda Additions / Other Business – Nothing at this time.

2b. Minutes: September 1, 2020

P. Zeliff made a motion to approve the September 1, 2020 minutes; the motion was seconded by A. Young. Roll call resulted as follows:

P. Battaglia - Absent
M. Gray - Yes
A. Young - Yes
P. Zeliff -Yes

2b

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The item was approved as presented.

3. DISCUSSIONS / OFFICIAL RECOMMENDATIONS OF THE COMMITTEE:

3a. \$33M STAMP Grant Review YTD – The status of the \$33M ESD Grant has been provided in the packet for the Committee to review and track progress. GURF #27 was submitted and approved. L. Farrell also noted that the agency’s relationship with ESD remains positive.

3b. \$8M STAMP Grant Review YTD – The status of the \$8M ESD Grant has been provided in the packet for the Committee to review and track progress. GURF #8 was submitted and approved. L. Farrell also noted that the agency’s relationship with ESD remains positive.

3c. August 2020 Financial Statements - L. Farrell reviewed with the Committee the significant items of the August 2020 long form financial statements and noted the following:

- Restricted cash decreased for the STAMP imprest accounts for the \$33M and \$8M ESD grants, along with the County \$4M. Unearned revenue decreased as the \$33M and \$8M revenue is recognized when allowable expenditures are made.
- Most items on the balance sheet remained about the same as last month’s balances.
- On the operating fund, we collected fees from Darien Lake and V.J. Gautieri. We also collected an application fee from Neppalli Holdings.
- Most of the line items that were over budget early in the year are now starting to balance. Travel and Conferences and Meetings expenses are low due to conditions caused by COVID. Travel is only 15% of what was budgeted.
- On the real estate development fund, there was an unbudgeted item for stormwater infiltration testing done at Apple Tree Acres. Funds from miscellaneous repairs for the park were used.

A. Young made a motion to recommend to the full Board the approval of the August 2020 Financial Statements; the motion was seconded by P. Zelif. Roll call resulted as follows:

- P. Battaglia - Absent
- M. Gray - Yes
- A. Young - Yes
- P. Zelif - Yes

The item was approved as presented.

3d. Auditor Selection – L. Farrell discussed with the Committee about whether to go out to bid for auditing services this year. It is required that the audit partner on the engagement is changed every five years. The auditing firm does not need to change, only the audit partner. David Brownell with Mostert, Manzanero & Scott, LLC has been the engagement partner on the GCEDC’s audit for the last three years.

The Committee recommended that L. Farrell obtain an engagement letter from Mostert, Manzanero & Scott, LLC for 2020 auditing services. If there is not a significant increase in fees, the GCEDC will continue to use this firm and partner, David Brownell, for 2020 audit services.

The Committee also suggested that the staff should go out to bid for auditing services after David Brownell completes 5 years of audits as engagement partner.

3e. Insurance Renewal – In 2019 and 2020, the GCEDC did not go out to bid for the Agency’s insurance renewal. In 2018, Selective was the only company that submitted a proposal out of eleven insurance companies that were contacted.

The Committee recommended that the Agency should do an RFQ for insurance brokers. The selected broker will then request quotes from carriers for the January 1, 2021 insurance renewal.

R. Gaenzle left the meeting at 9:00 a.m.

3f. Land Lease Rates - M. Masse presented the land lease rates that were included in the Committee and Board packets. M. Masse stated that C. Yunker confirmed that the rates were still fair market rate.

P. Zeliff made a motion to recommend to the full Board approval of the land lease rates as presented; the motion was seconded by A. Young. Roll call resulted as follows:

- P. Battaglia - Absent
- M. Gray - Yes
- A. Young - Yes
- P. Zeliff - Yes

The item was approved as presented.

3g. CPL Proposal for Apple Tree Acres Stormwater Pond – At the September 3 GCEDC Board meeting, the Board authorized the execution of a MOU and an indemnity agreement that divided up the scope of work regarding the filling in of an existing stormwater pond and the construction of a new stormwater pond. A copy of the fully executed MOU was included in the Committee and Board packets.

There is a contract with Clark Patterson Lee that is being brought forward for the Board's consideration at this time. This contract will cover the scope of work outlined in the MOU for the GCEDC's responsibilities.

There is a stipulation in the MOU that “The Parties shall use good faith efforts to commence its respective responsibilities on or before December 1, 2020.”

P. Zeliff made a motion to recommend to the full Board authorization to execute the proposal for engineering services with Clark Patterson Lee not to exceed \$23,700; the motion was seconded by A. Young. Roll call resulted as follows:

- P. Battaglia - Absent
- M. Gray - Yes
- A. Young - Yes
- P. Zeliff - Yes

The item was approved as presented.

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3h. CPL Conceptual Planning & Marketing Services - In preparation for the next phase of marketing of the WNY STAMP site and the STAMP North and STAMP South campuses to companies, the GCEDC launched a project for conceptual planning and marketing services from Clark Patterson Lee.

This first phase of the project commenced in August 2020, and has advanced with the initial drone video and site mapping to be used for interactive conceptual site plans with two-dimensional and three-dimensional views of the STAMP South campus. The area covered can support more than 1 million square feet of facilities and utilize infrastructure that is currently at STAMP, or under construction in 2020 and 2021.

Additionally, initial drone video has been taken of the STAMP North campus, which can support more than 5 million square feet of facilities and utilize infrastructure that is currently in advanced design and engineering and can be constructed within project timelines.

Due to the progress of these initiatives, and active interest by projects and industries targeted for STAMP North's extensive infrastructure and site capacity, the GCEDC desires to expand on the initial plan and proceed with site mapping of the STAMP North Campus this autumn. This work was initially planned for spring 2021.

This project is intended to enhance STAMP's sales and marketing position as the GCEDC staff prepares delivery of site readiness, site infrastructure, project financing structures, and site marketing for a launch to market for projects at the shovel-ready 400-acre STAMP South campus and 850-acre STAMP North campus.

Based on the project proposal, the estimated cost of expanding these services would be within the GCEDC's 2020 marketing budget. National Grid has approved a grant for a 50% reimbursement on both the first phase of this project as well as the additional and expanded work now proposed.

Board Request: Authorization to contract with Clark Patterson Lee for a cost not to exceed \$5,000. National Grid reimbursement of 50% of project would be applied for a net cost of \$2,500 after reimbursement.

A. Young made a motion to recommend to the full Board authorization to execute the proposal for conceptual planning and marketing services with Clark Patterson Lee not to exceed \$5,000, with a net cost of \$2,500 after reimbursement from a National Grid grant; the motion was seconded by P. Zeliff. Roll call resulted as follows:

- P. Battaglia - Absent
- M. Gray - Yes
- A. Young - Yes
- P. Zeliff - Yes

The item was approved as presented.

4. ADJOURNMENT

As there was no further business, P. Zeliff made a motion to adjourn at 9:08 a.m., seconded by A. Young and passed unanimously.

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\$33M STAMP Grant Activity Review YTD

	Draws #1-13 GURFs #1-13	GURF #14	GURF #15	GURF #16	NYISO Refund Rec'd 6.26.19	GURF #17	GURF #18	GURF #19	GURF #20	GURF #21	GURF #22	GURF #23	GURF #24	GURF #25	GURF #26	GURF #27
Total Draw Amount:	\$ 4,899,065.32															
Total GURF Amount:	\$ 6,141,053.97	\$ 152,946.26	\$ 327,578.94	\$ 364,005.65	\$ (18,793.00)	\$ 183,031.47	\$ 123,638.96	\$ 122,263.51	\$ 218,737.45	\$ 31,764.00	\$ 9,310.23	\$ 9,725.00	\$ 38,603.00	\$ 192,851.54	\$ 554,934.10	\$ 8,528.56
Date of ESD request:		4/8/2019	5/9/2019	6/7/2019		7/15/2019	8/15/2019	9/26/2019	11/8/2019	1/16/2020	3/2/2020	4/29/2020	6/1/2020	6/23/2020	7/29/2020	9/14/2020
Date ESD funds were Approved:		4/12/2019	5/13/2019	6/17/2019		7/18/2019	8/28/2019	10/3/2019	11/26/2019	1/27/2020	3/4/2020	5/4/2020	6/11/2020	6/25/2020	8/3/2020	9/23/2020
	Grant Amount:		\$ 33,000,000.00													
	Cumulative Amount of Grant Funds Expended:		\$ (13,350,716.40)													
	Request in Process:		\$ (8,528.56)													
	Grant Balance Remaining:		<u>\$ 19,640,755.04</u>													

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\$8M STAMP Grant Activity Review YTD

	GURF #1	GURF #2	GURF #3	GURF #4	GURF #5	GURF #6	GURF #7	GURF #8
Total GURF Amount:	\$ 543,395.44	\$ 510,500.61	209,173.81	559,985.76	293,879.80	267,799.23	146,981.00	204,812.96
Date of ESD Request:	12/11/19	1/15/20	3/2/20	4/29/20	5/29/20	6/22/20	7/28/20	9/17/20
Date ESD Approved Release of Funds:	12/13/19	1/21/20	3/5/20	5/4/20	6/11/20	6/25/20	8/4/20	9/18/20

Grant Amount: \$ 8,000,000.00
 Cumulative Amount of Grant Funds Expended: \$ (2,531,715.65)
 Request in Process: \$ (204,812.96)
Grant Balance Remaining: \$ 5,263,471.39

Genesee County Economic Development Center
September 2020 Dashboard
Balance Sheet - Accrual Basis

	9/30/20	8/31/20	[Per Audit] 12/31/19
ASSETS:			
Cash - Unrestricted	\$ 1,900,126	\$ 1,927,575	\$ 1,409,323
Cash - Restricted (A)(1)	9,731,330	10,276,245	13,742,990
Cash - Reserved (B)	790,598	790,436	788,561
Cash - Subtotal	<u>12,422,054</u>	<u>12,994,256</u>	<u>15,940,874</u>
Grants Receivable (2)	51,106	50,850	386,091
Accts Receivable- Current (3)	375,270	343,416	397,089
Deposits	2,832	2,832	2,832
Prepaid Expense(s) (4)	3,490	4,183	33,355
Loans Receivable - Current	52,791	56,123	51,450
Total Current Assets	<u>12,907,543</u>	<u>13,451,660</u>	<u>16,811,691</u>
Land Held for Dev. & Resale (5)	15,080,623	15,246,417	13,886,275
Furniture, Fixtures & Equipment	67,982	67,982	67,982
Total Property, Plant & Equip.	<u>15,148,605</u>	<u>15,314,399</u>	<u>13,954,257</u>
Less Accumulated Depreciation	(67,968)	(67,962)	(67,917)
Net Property, Plant & Equip.	<u>15,080,637</u>	<u>15,246,437</u>	<u>13,886,340</u>
Accts Receivable- Non-current (6)	279,650	279,650	559,295
Loans Receivable- Non-current (Net of \$47,429 Allow. for Bad Debt)	267,341	272,073	309,788
Other Assets	<u>546,991</u>	<u>551,723</u>	<u>869,083</u>
TOTAL ASSETS	<u>28,535,171</u>	<u>29,249,820</u>	<u>31,567,114</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Outflows (12)	160,725	160,725	160,725
Deferred Outflows of Resources	<u>160,725</u>	<u>160,725</u>	<u>160,725</u>
LIABILITIES:			
Accounts Payable (7)	13,185	4,488	927,789
Loan Payable - Genesee County - Current (8)	290,000	290,000	285,000
Accrued Expenses (9)	48,750	40,808	12,608
Unearned Revenue (10)	8,238,203	8,237,966	10,408,563
Total Current Liabilities	<u>8,590,138</u>	<u>8,573,262</u>	<u>11,633,960</u>
Loans Payable - ESD (11)	5,196,487	5,196,487	5,196,487
Loan Payable - Genesee County - Noncurrent (8)	3,425,000	3,425,000	3,715,000
Aggregate Net Pension Liability (12)	199,875	199,875	199,875
Total Noncurrent Liabilities	<u>8,821,362</u>	<u>8,821,362</u>	<u>9,111,362</u>
TOTAL LIABILITIES	<u>17,411,500</u>	<u>17,394,624</u>	<u>20,745,322</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Inflows (12)	109,989	109,989	109,989
Deferred Inflows of Resources	<u>109,989</u>	<u>109,989</u>	<u>109,989</u>
NET ASSETS	<u>\$ 11,174,407</u>	<u>\$ 11,905,932</u>	<u>\$ 10,872,528</u>

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Significant Events:

1. Restricted Cash - ESD deposited \$4M into an imprest account related to the \$8M STAMP grant in November 2019 and \$15.1M into an imprest account related to the \$33M STAMP grant in January 2018. Expenditures out of these accounts are pre-authorized by ESD. In May 2018, the County remitted \$4M to the GCEDC per a Water Supply Agreement, to be put towards water improvements located in the Town of Alabama and the Town of Pembroke and other Phase II improvements as identified by the County. These funds are being used to pay qualifying expenditures.
2. Grants Receivable - YTD decreased due to receipt of funds from National Grid as reimbursement for STAMP expenses.
3. Accounts Receivable (Current) - Econ. Dev. Program Support Grant; MedTech Centre Property Management; termed out Project Origination Fees from HP Hood to be collected in the next 12 months.
4. Prepaid Expense(s) - D&O insurance, life insurance, long-term and short-term disability.
5. Land Held for Dev. & Resale - Additions are related to STAMP development costs; Reclassification in September.
6. Accounts Receivable - Non-current - Termed out Project Origination Fees from HP Hood that will not be collected within 12 months of the Balance Sheet date.
7. Accounts Payable - Park Strategies, e3communications expenses, Genesee County Dental and interest earned on imprest accounts that will be remitted to ESD.
8. Loan Payable - Genesee County (Current & Noncurrent) - Per a Water Supply Agreement with Genesee County, the County remitted \$4M to the GCEDC to put towards water improvements located in the Town of Alabama and the Town of Pembroke and other Phase II improvements as identified by the County. GCEDC will make annual payments to the County of \$448,500 beginning in January 2020.
9. Accrued Expenses - NYS Retirement to be paid in December 2020.
10. Unearned Revenue - Genesee County contribution received in advance; Interest received in advance; Funds received from municipalities to support park development; Funds received from National Fuel to support workforce development; ESD Grant funds to support STAMP development, not actually earned until eligible expenditures are incurred.
11. Loans Payable - ESD - Loans from ESD to support STAMP land acquisition and related soft costs.
12. Deferred Pension Outflows / Aggregate Net Pension Liability / Deferred Pension Inflows - Accounts related to implementation of GASB 68.

(A) Restricted Cash = Municipal Funds, RLF #2 Funds, Grant Funds Received in Advance.

(B) Reserved Cash = RLF #1 Funds (defederalized).

**Genesee County Economic Development Center
September 2020 Dashboard
Profit & Loss - Accrual Basis**

	Month to Date		YTD		2020	2020
	9/30/20	9/30/19	2020	2019	Board Approved Budget	YTD % of Budget
Operating Revenues:						
Genesee County	\$ 19,459	\$ 19,459	\$ 175,132	\$ 175,132	\$ 233,513	75%
Fees - Projects	17,573	12,718	197,914	222,030	392,000	50%
Fees - Services	6,707	6,687	60,363	60,183	80,483	75%
Interest Income on Loans	313	397	2,960	2,880	3,877	76%
Rent	5,468	280	12,789	12,042	23,995	53%
Common Area Fees - Parks	-	-	700	-	-	N/A
Grants (1)	256	155,828	2,655,947	1,494,286	26,022,377	10%
GGLDC Grant- Econ. Dev. Program Support	25,000	25,000	225,000	225,000	300,000	75%
GCFC Grant - Econ. Dev. Program Support	-	-	50,000	-	50,000	100%
BP ² Revenue	168	-	345	735	2,698	13%
Other Revenue	139	110	7,133	5,599	5,000	143%
Total Operating Revenues	75,083	220,479	3,388,283	2,197,887	27,113,943	12%
Operating Expenses						
General & Admin	88,857	84,554	915,315	919,849	1,379,649	66%
Professional Services	104	1,500	28,539	49,351	96,000	30%
Site Maintenance/Repairs	901	390	4,621	8,767	17,000	27%
Property Taxes/Special District Fees	20	-	2,553	2,951	11,890	21%
PIF Expense	-	-	28,410	14,714	93,824	30%
CBA Pass Through	-	-	-	205,125	-	N/A
Site Development Expense	717,613	139,199	2,125,266	813,366	3,639,566	58%
Cost of Land Sales	-	-	-	950	-	N/A
Real Estate Development (2)	(165,794)	68,817	1,194,348	551,942	24,503,934	5%
Balance Sheet Absorption	165,794	(68,817)	(1,194,348)	(551,942)	-	N/A
Total Operating Expenses	807,495	225,643	3,104,704	2,015,073	29,741,863	0%
Operating Revenue (Expense)	(732,412)	(5,164)	283,579	182,814	(2,627,920)	
Non-Operating Revenue (Expense)						
Other Interest Income	887	1,137	18,300	30,241	5,000	0%
Econ. Dev. Loan Fund (LDC/County)	-	-	-	(233,764)	-	N/A
Total Non-Operating Revenue (Expense)	887	1,137	18,300	(203,523)	5,000	0%
Change in Net Assets	(731,525)	(4,027)	301,879	(20,709)	\$ (2,622,920)	
Net Assets - Beginning	11,905,932	10,699,079	10,872,528	10,715,761		
Net Assets - Ending	\$ 11,174,407	\$ 10,695,052	\$ 11,174,407	\$ 10,695,052		

Significant Events:

1. Grants - YTD includes \$448K Community Benefit Agreement payment dedicated to STAMP by sourcing debt service payments to the County; PIF from RJ Properties (Liberty Pumps) supports Apple Tree Acres Infrastructure improvements; PIF from Yancey's Fancy supports Infrastructure Fund Agreement with the Town of Pembroke; ESD \$33M & \$8M Grants support STAMP development costs.

2. Real Estate Development Costs - Includes STAMP development costs.

Genesee County Economic Development Center
September 2020 Dashboard
Statement of Cash Flows

	September 2020	YTD
CASH FLOWS USED BY OPERATING ACTIVITIES:		
Genesee County	\$ 19,459	\$ 194,591
Fees - Projects	17,573	486,559
Fees - Services	-	60,303
Interest Income on Loans	550	2,869
Rent	5,468	12,789
Common Area Fees - Parks	-	700
Grants	-	812,204
BP ² Revenue	168	345
GGLDC Grant - Economic Development Program Support	-	225,000
GCFC Grant - Economic Development Program Support	-	50,000
Other Revenue	139	7,133
Repayment of Loans	8,064	41,106
General & Admin Expense	(71,914)	(843,462)
Professional Services	(104)	(37,892)
Site Maintenance/Repairs	(901)	(4,621)
Site Development	(717,613)	(2,821,588)
Property Taxes/Special District Fees	(20)	(2,553)
PIF Expense	-	(28,410)
Improv/Additions/Adj to Land Held for Development & Resale	165,794	(1,407,030)
Net Cash Used By Operating Activities	(573,337)	(3,251,957)
CASH FLOWS USED BY NONCAPITAL FINANCING ACTIVITIES:		
Principal Payments on Loan	-	(285,000)
Net Cash Used By Noncapital Financing Activities	-	(285,000)
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES:		
Interest Income (Net of Remittance to ESD)	1,135	18,137
Net Change in Cash	(572,202)	(3,518,820)
Cash - Beginning of Period	12,994,256	15,940,874
Cash - End of Period	\$ 12,422,054	\$ 12,422,054
RECONCILIATION OF NET OPERATING REVENUE (EXPENSE) TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating Revenue (Expense)	\$ (732,412)	\$ 283,579
Depreciation Expense	6	51
(Increase) Decrease in Operating Accounts/Grants Receivable	(32,110)	634,551
Decrease in Prepaid Expenses	693	29,865
Decrease in Loans Receivable	8,064	41,106
Decrease (Increase) in Land Held for Development & Resale	165,794	(1,194,348)
Increase (Decrease) in Operating Accounts Payable	8,449	(912,543)
Increase in Accrued Expenses	7,942	36,142
Increase (Decrease) in Unearned Revenue	237	(2,170,360)
Total Adjustments	159,075	(3,535,536)
Net Cash Used By Operating Activities	\$ (573,337)	\$ (3,251,957)

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4 Year Budget 2021 - 2024
 GCEDC Consolidated
 Board Approved:



Genesee
 County
 Economic
 Development
 Center

DRAFT

	2020 Projection	2021 Budget	2022 Budget	2023 Budget	2024 Budget
1 Revenues					
2 Genesee County Contributions	\$233,513	\$233,513	\$273,513	\$313,513	\$313,513 *
3 Fees - Project Origination	\$480,708	\$399,500	\$410,810	\$422,459	\$434,458 *
4 Fees - Service	\$80,483	\$83,387	\$85,889	\$88,465	\$91,119
5 Bank Interest Income	\$24,809	\$7,000	\$7,210	\$7,426	\$7,649
6 Interest Income on Loans	\$3,877	\$3,313	\$3,412	\$3,515	\$3,620
7 Rent Income	\$24,790	\$24,790	\$25,534	\$26,300	\$27,089
8 CAM Income	\$700	\$500	\$515	\$530	\$546
9 Miscellaneous	\$6,994	\$5,000	\$5,150	\$5,305	\$5,464
10 Economic Development Grant (GGLDC / GCFC)	\$350,000	\$300,000	\$300,000	\$0	\$0 *
11 PIF Grant Income	\$89,773	\$134,115	\$140,000	\$181,785	\$187,670 *
12 CBA	\$448,553	\$448,553	\$448,553	\$448,553	\$448,553 *
13 BP2 Income	\$2,705	\$8,634	\$31,569	\$51,860	\$57,988 *
14 Grants	\$6,239,303	\$21,110,000	\$0	\$0	\$0 *
15					
16 Total Revenues	\$7,986,208	\$22,758,305	\$1,732,155	\$1,549,712	\$1,577,670
17					
18 Expenses					
19 Payroll	\$728,392	\$782,467	\$805,941	\$830,119	\$855,023 *
20 Benefits	\$259,892	\$298,052	\$306,112	\$314,413	\$322,963 *
21 Insurance	\$20,732	\$22,826	\$23,511	\$24,216	\$24,943
22 Utilities	\$8,500	\$9,500	\$9,785	\$10,079	\$10,381
23 Depreciation	\$68	\$0	\$0	\$0	\$0 *
24 Telecom / Internet / Phone	\$5,500	\$5,500	\$5,665	\$5,835	\$6,010
25 Rent	\$18,238	\$18,580	\$19,137	\$19,712	\$20,303
26 Postage	\$1,500	\$1,500	\$1,545	\$1,591	\$1,639
27 Dues & Subscriptions	\$95,000	\$95,000	\$97,850	\$100,786	\$103,809
28 Conferences & Meetings	\$19,000	\$30,000	\$30,900	\$31,827	\$32,782
29 Professional Services	\$49,500	\$108,000	\$98,880	\$101,846	\$104,902 *
30 Travel	\$11,000	\$42,000	\$43,260	\$44,558	\$45,895
31 Marketing	\$137,721	\$87,000	\$89,610	\$92,298	\$95,067
32 Supplies	\$5,000	\$5,000	\$5,150	\$5,305	\$5,464
33 Maintenance & Repair	\$13,150	\$17,200	\$17,716	\$18,247	\$18,795
34 Site Development	\$3,956,629	\$320,707	\$0	\$0	\$0 *
Miscellaneous	\$637	\$0	\$0	\$0	\$0 *
35 Furniture & Equipment	\$15,000	\$15,000	\$15,450	\$15,914	\$16,391
36 CEO's Discretionary Fund	\$400	\$3,000	\$3,000	\$3,000	\$3,000 *
37 Fees	\$9,765	\$0	\$0	\$0	\$0
38 Special District Fees	\$2,533	\$3,320	\$3,420	\$3,522	\$3,628
39 Interest Expense / Unused Fee	\$163,500	\$158,500	\$153,500	\$143,500	\$133,500 *
40 Development Costs - STAMP	\$0	\$21,110,000	\$0	\$0	\$0 *
41 BP2 Expense	\$0	\$0	\$17,170	\$31,344	\$31,344 *
42 PIF Expense	\$89,773	\$134,115	\$140,000	\$181,785	\$187,670 *
43 Total Expenses	\$5,611,430	\$23,267,267	\$1,887,601	\$1,979,896	\$2,023,507
44					
45 Net Loss	\$2,374,778	(\$508,962)	(\$155,446)	(\$430,185)	(\$445,838)
46					
47 Cash from Prev. Yr Rev. Collected in Current Yr	\$299,645	\$279,645	\$279,645	\$0	\$0
48 J Rental Land Sale - Cash Carry Over Allocation	\$0	\$139,945	\$0	\$0	\$0
49 NET LOSS w/ Cash Adjustments	\$2,674,423	(\$89,372)	\$124,199	(\$430,185)	(\$445,838)

Notes:

* 3% increase for most line items 2022-2024, unless shaded.

3d

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4 Associate Drive
Oneonta, New York 13820
Phone: (607) 432-8700
Fax: (607) 432-5122
www.mmcpas.com



MOSTERT, MANZANERO & SCOTT, LLP
Certified Public Accountants

Deborah L. Mostert, CPA
Anthony T. Manzanero, CPA
Mary E. Manzanero, CPA
David E. Brownell, CPA

October 9, 2020

Board of Directors and
Lezlie Farrell
Genesee County Industrial Development Agency
dba Genesee County Economic Development Center
99 MedTech Drive, Suite 106
Batavia, NY 14020

We are pleased to confirm our understanding of the services we are to provide for the Genesee County Industrial Development Agency dba Genesee County Economic Development Center (GCEDC) the year ended December 31, 2020. We will audit financial statements of the GCEDC, which comprise of the combined statement of net position as of December 31, 2020 and the related combined statement of revenues, expenses and changes in net position and combined statement of cash flows, including the related notes to the financial statements, as of and for the year then ended. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the GCEDC's basic financial statements. Such 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. As part of our engagement, we will apply certain limited procedures to the GCEDC's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

- Management's Discussion and Analysis
- Schedule of GCEDC's's Proportionate Share of the Net Position Asset (Liability) – Employees' Retirement System
- Schedule of the GCEDC's Pension Contributions – Employees' Retirement Systems

We have also been engaged to report on supplementary information other than RSI that accompanies GCEDC's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the financial statements as a whole:

- Combining Statement of Net Position;
- Combining Statements of Revenues, Expenses and Changes in Net Position;
- Schedule of Bonds and Leases Outstanding;
- Schedule of Leases Terminating During the Year;
- Schedule of Land Development Agreements Outstanding; and
- Schedule of Land Agreements Termination During the Year.

Furthermore, we have been engaged to report on GCEDC's Compliance with the New York State Comptroller's Investment Guidelines for Public Authorities and Section 2925 of the New York State Public Authorities Law. We will issue a separate auditors' report which will provide an opinion on GCEDC's Compliance with Investment Guidelines for Public Authorities.

Audit Objectives

The objective of our audit is the expression of opinions about whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the GCEDC's financial statements. Our report will be addressed to the board of directors of the entity. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (which does not include an opinion) on internal control related to the financial statements and compliance with the provisions of applicable laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will each include a paragraph that states (1) that the purpose of the report is solely to describe the scope of 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 compliance and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over financial reporting and compliance.

The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that GCEDC is subject to an audit requirement that is not encompassed in the term of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures – General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. 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 will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financing reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the IDA. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors' is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to the inquiry. At the conclusion of our audit, we will also request certain written representations from you about the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures – Internal Control

Our audit will include obtaining an understanding of the IDA and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on the internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of GCEDC's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grant. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will assist in preparing the financial statements and related notes of the GCEDC in conformity with U.S. generally accepted accounting principles based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported.

Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; and for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us, and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the IDA from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud or illegal acts affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud or illegal acts could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements and grants for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on supplementary information in any document that contains, and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for the presentation of the supplementary information in accordance with GAAP; (2) that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP, (3) the methods of measurement or presentation have not changed from those used in the prior period (or if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying or providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes, and any other non-audit services we provide. You will be required to acknowledge in the management representation letter our assistance with the preparation of the financial statements, and related notes and that you have evaluated the adequacy of our services and have reviewed and approved the results of the services, and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees and Other

We understand that your employees will prepare all cash or other confirmations we request and will locate any invoices selected by us for testing.

We will provide copies of our reports, upon request; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Mostert, Manzanero & Scott, LLP and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to your funding sources or the U.S. Government Accountability Office for the purpose of quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. If requested, access to such audit documentation will be provided under the supervision of Mostert, Manzanero & Scott, LLP personnel. Furthermore, upon request we may provide photocopies of selected audit documentation to your funding source, the aforementioned parties. Those parties may intend, or decide, to distribute the photocopies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release is issued or for any additional period requested by the cognizant agency, oversight agency or pass-through entity. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party (ies) contesting the audit finding for guidance prior to destroying the audit documentation.

David E. Brownell, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign the report.

Estimated fees for these services will be based on the actual time spent at our standard hourly rates. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. Based on our preliminary estimates, fee is estimated at \$10,000. If a single audit is required, the fee is estimated to be \$11,700 and we will require you to sign an addendum to this engagement letter that covers items specific to a single audit. This estimate is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will adjust the fees accordingly.

If you intend to publish or otherwise reproduce the financial statements and make reference to our Firm name, you agree to provide us with printer's proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed. It is agreed by Genesee County Industrial Development Agency dba Genesee County Economic Development Center and Mostert, Manzanero & Scott, LLP or any successor in interest that no claim by or on behalf of either party arising out of services rendered pursuant to this agreement shall be initiated more than three years after the date of the review report or one year after the date of termination of Mostert, Manzanero & Scott, LLP's services.

We appreciate the opportunity to be of service to the Genesee County Industrial Development Agency dba Genesee County Economic Development Center and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms our engagement as described in this letter, please sign the enclosed copy and return it to us.

Sincerely,

Mostert, Manzanero & Scott, LLP

Mostert, Manzanero & Scott, LLP

RESPONSE:

This letter correctly sets forth the understanding of the Genesee County Industrial Development Agency dba Genesee County Economic Development Center.

By: _____
Board Member Title Date

By: _____
Lezlie Farrell Title Date

Mark Masse

GCEDC

Audit & Finance Committee

October 27, 2020

Renewal of Key Bank Line of Credit

Discussion: The GCEDC had a line of credit in place with KeyBank to help with the contracts associated with the \$33 million prior to NYS setting up an imprest account. The credit limit at that time was \$10 million. At the July 31, 2018 meeting, the GCEDC voted to reduce the available credit limit from \$10 million to \$1 million. This line of credit is up for renewal. The staff is recommending renewing this line of credit for a \$1 million credit limit, with an unused fee of \$2,000 (20 basis points) annually, and an interest rate of LIBOR +200. These are the same terms as the previous year.

Fund commitment: \$2,000 unused fee (if line is not used).

Committee action request: Discussion regarding possible renewal of line.