

**SENECA COUNTY
FUNDING CORPORATION**

(A Component Unit of Seneca County, New York)

FINANCIAL STATEMENTS

For Years Ended December 31, 2019 and 2018

MENGEL METZGER BARR & CO. LLP

RAYMOND F. WAGER, CPA, P.C. DIVISION

TABLE OF CONTENTS

Independent Auditors' Report	1 - 3
Management's Discussion and Analysis	4 - 5
<u>Statement 1</u> – Statement of Net Position	6
<u>Statement 2</u> – Statement of Revenues, Expenses, and Changes in Fund Net Position	7
<u>Statement 3</u> – Statement of Cash Flows	8
Notes to Financial Statements	9 - 11
Supplemental <u>Schedule</u> - Project Reporting Information	12
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	13 - 14
Schedule of Findings and Responses	15

MENGEL METZGER BARR & CO. LLP

RAYMOND F. WAGER, CPA, P.C. DIVISION

Independent Auditors' Report

To the Board Members of
Seneca County
Funding Corporation
A Component Unit of Seneca County, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Seneca County Funding Corporation, a component unit of Seneca County, New York, (The Corporation) which comprise the statement of net position as of December 31, 2019 and 2018, and the related statements of revenues, expenses, and changes in fund net position, and cash flows for the years then ended, and the related notes to the financial statements.

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 audit. 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. 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 Seneca County Funding Corporation, a component unit of Seneca County, New York as of December 31, 2019 and 2018, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4–5 be presented to supplement the financial statements. Such 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 an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Seneca County Funding Corporation, a component unit of Seneca County, New York's financial statements. The accompanying supplemental schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The accompanying supplemental schedules as listed in the table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the 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. In our opinion, the accompanying supplemental schedules as listed in the table of contents are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2020 on our consideration of the Seneca County Funding Corporation, a component unit of Seneca County, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Seneca County Funding Corporation, a component unit of Seneca County, New York's internal control over financial reporting and compliance.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
March 12, 2020

**Seneca County
Funding Corporation
(A Component Unit of Seneca County, New York)**

Management's Discussion and Analysis (MD&A)

December 31, 2019

Introduction

Our discussion and analysis of the Seneca County Funding Corporation (Corporation), a component unit of Seneca County, New York's financial performance provides an overview of the Corporation's financial activities for the year ended December 31, 2019. It should be read in conjunction with the basic financial statements to enhance understanding of the Corporation's financial performance, which immediately follows this section.

Financial Highlights

Key financial highlights for year 2019 are as follows:

- ◆ The assets of the Corporation exceeded its liabilities at the close of the most recent year by \$58,725 (net position).

Overview of the Financial Statements

The statement of net position, the statement of revenues, expenses and changes in fund net position and statement of cash flows report information about the Corporation as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses would be accounted for regardless of when cash is received or paid.

These two statements report the Corporation's net position and changes in them. The Corporation's net position, the difference between assets and liabilities, are one way to measure the Corporation's financial health or financial position. Over time, increases or decreases in the Corporation's net position are one indicator of whether its financial health is improving or deteriorating.

Additionally, the statement of cash flows provides information about the Corporation's cash receipts, cash disbursements, and net changes in cash resulting from operating, financing and investing activities.

Government-Wide Financial Analysis

The Corporation was established in 2016 as a Funding corporation.

As noted earlier, net position may serve over time as a useful indicator of the Corporation's financial position. In the case of the Corporation, net position at the close of the current year was \$58,725.

Net Position

	<u>2019</u>	<u>2018</u>
<u>ASSETS:</u>		
Cash	\$ 58,725	\$ 61,425
Total Assets	<u>\$ 58,725</u>	<u>\$ 61,425</u>
 <u>NET POSITION:</u>		
Unrestricted	\$ 58,725	\$ 61,425
Total Net Position	<u>\$ 58,725</u>	<u>\$ 61,425</u>

Changes in Net Position

	<u>2019</u>	<u>2018</u>
<u>OPERATING REVENUES:</u>		
Fees	\$ -	\$ -
Total Operating Revenues	<u>\$ -</u>	<u>\$ -</u>
 <u>OPERATING EXPENSES:</u>		
Professional Services	\$ 2,700	\$ 1,975
Grant Expense	-	5,000
Total Operating Expenses	<u>\$ 2,700</u>	<u>\$ 6,975</u>
NET OPERATING INCOME	\$ (2,700)	\$ (6,975)
NET POSITION - BEGINNING OF YEAR	<u>61,425</u>	<u>68,400</u>
NET POSITION - END OF YEAR	<u>\$ 58,725</u>	<u>\$ 61,425</u>

Future Factors

- The organization positions Seneca County to support civic facilities projects that might arise in the future.

Requests for Information

This financial report is designed to provide a general overview of the Seneca County Funding Corporation, a component unit of Seneca County, New York's finances for all those interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: The Chair of the Board, Seneca County Funding Corporation, One DiPronio Drive, Waterloo, New York 13165.

SENECA COUNTY FUNDING CORPORATION
(A Component Unit of Seneca County, New York)

STATEMENT OF NET POSITION

December 31, 2019 and 2018

<u>ASSETS:</u>	<u>2019</u>	<u>2018</u>
<u>Current Assets -</u>		
Cash and cash equivalents	\$ 58,725	\$ 61,425
TOTAL ASSETS	\$ 58,725	\$ 61,425
<u>NET POSITION:</u>		
Unrestricted	\$ 58,725	\$ 61,425
TOTAL NET POSITION	\$ 58,725	\$ 61,425

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

SENECA COUNTY FUNDING CORPORATION
(A Component Unit of Seneca County, New York)

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION

For Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<u>OPERATING REVENUES:</u>		
Fees	\$ -	\$ -
TOTAL OPERATING REVENUES	\$ -	\$ -
<u>OPERATING EXPENSES:</u>		
Professional Services	\$ 2,700	\$ 1,975
Grant Expense	-	5,000
TOTAL OPERATING EXPENSES	\$ 2,700	\$ 6,975
OPERATING INCOME (LOSS)	\$ (2,700)	\$ (6,975)
NET POSITION - BEGINNING OF YEAR	61,425	68,400
NET POSITION - END OF YEAR	\$ 58,725	\$ 61,425

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

SENECA COUNTY FUNDING CORPORATION
(A Component Unit of Seneca County, New York)

STATEMENT OF CASH FLOWS

For Years Ended December 31, 2019 and 2018

<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	<u>2019</u>	<u>2018</u>
Payments to Suppliers	\$ (2,700)	\$ (1,975)
Grants	<u>-</u>	<u>(5,000)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (2,700)</u>	<u>\$ (6,975)</u>
NET INCREASE (DECREASE) IN CASH	\$ (2,700)	\$ (6,975)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>61,425</u>	<u>68,400</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 58,725</u></u>	<u><u>\$ 61,425</u></u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
OPERATING INCOME (LOSS)	<u>\$ (2,700)</u>	<u>\$ (6,975)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ (2,700)</u></u>	<u><u>\$ (6,975)</u></u>

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

SENECA COUNTY FUNDING CORPORATION
(A Component Unit of Seneca County, New York)

NOTES TO FINANCIAL STATEMENTS

December 31, 2019

I. Summary of Significant Accounting Policies:

The financial statements of the Seneca County Funding Corporation, a component Unit of Seneca County, New York (The Corporation) have been prepared in conformity with generally accepted accounting principles (GAAP) that provides for proprietary fund accounting for Local Development Corporations. Seneca County is the sole member of the Corporation.

A. Organization

The Seneca County Funding Corporation, a component unit of Seneca County, New York (the Corporation) was incorporated on February 19, 2018 under Section 1411 of the Not-For-Profit Corporation Law. The mission of the Seneca County Funding Corporation is to assist local economic development efforts by serving in a conduit financing capacity enabling the issuance of taxable and non-taxable debt to benefit the growth, expansion, on-going operations and continued viability of non-profit and for-profit business enterprises in Seneca County thereby helping to maintain a sustainable long-term economy. The Board consists of three (3) Directors, all of whom shall be appointed by the County and is reported as a related entity by the County.

B. Basis of Accounting

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles (GAAP) as set forth by the Governmental Accounting Standards Board as applied to proprietary funds on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Management must make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Financial instruments, including borrowings, are all carried at amounts that approximate fair value.

The government-wide financial statements are the same as the fund financial statements for proprietary funds, so no additional schedules were necessary. The first of these government-wide statements is the Statement of Net Position. This is the Corporation-wide statement of net position presenting information that includes all of the Corporation's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Corporation as a whole is improving or deteriorating. Evaluation of the overall health of the Corporation would extend to other nonfinancial factors, such as diversification of the tenants base or the condition of Corporation infrastructure, in addition to the financial information provided in this report.

(I.) (Continued)

The second government-wide statement is the Statement of Revenues, Expenses, and Changes in Fund Net Position which reports how the Corporation's net position changed during the current fiscal year. All current-year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of this statement is to show the financial reliance of the Corporation's distinct activities or functions on revenues provided by the Corporation's lessees and grantors.

D. Income Taxes

The Corporation is a not-for-profit public benefit corporation and is exempt from income taxes under the Internal Revenue Code. The Corporation is exempt from Federal reporting requirements under Internal Revenue Service Revenue Procedures 95-48, 1992 C.C 418 as a governmental unit or affiliate of a governmental unit as described in the procedure.

E. Assets and Net Position

1. Net Position

a. Government-Wide Statements

Net position is categorized as follows:

1. **Net Investment in Capital Assets** - Capital assets purchased with available funds and grants. The Corporation had no net investment in capital assets as of December 31, 2019.
2. **Restricted** - Consists of net position restricted by enabling legislation or imposed by creditors. The Corporation had no restricted net assets as of December 31, 2019.
3. **Unrestricted Net Position** - Represents monies available for the future operations of the Corporation.

F. Recently Issued Accounting Pronouncements

GASB has issued Statement 87, *Leases*, which will be effective for the periods beginning after December 15, 2019.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for reporting periods beginning after December 15, 2019

GASB has issued Statement 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, which will be effective for reporting periods beginning after December 15, 2019.

GASB has issued Statement 91, *Conduit Debt Obligations*, which will be effective for reporting periods beginning after December 31, 2020.

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

(I.) (Continued)

G. Revenue

Fees are assessed by the Corporation based on projects induced by the Corporation.

II. Cash and Cash Equivalents:

For purposes of the Statement of Cash Flows, the Corporation considers all highly liquid cash accounts and other temporary investments of three months or less as cash equivalents.

Custodial credit risk is the risk that in the event of a bank failure, the Corporation's deposits may not be returned to it. While the Corporation does not have a specific policy for custodial credit risk, New York State statutes govern the Corporation's investment policies, as discussed previously in these notes. All deposits are covered by FDIC insurance for 2019 and 2018.

III. Conduit Debt Obligations:

The Corporation has issued Tax-Exempt and Taxable Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from the payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Corporation, Village, State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2019 and 2018, there was one series of Revenue Bonds outstanding with an aggregate principal amount payable of \$9,668,681 and \$10,752,195, respectively.

IV. Grant:

The Corporation pledged \$10,000 on March 30, 2017 to Finger Lakes Community College Professional Development and Continuing Education for co-marketing a workforce training program. \$5,000 was paid in 2017, and the balance was paid in 2018.

V. Litigation:

As of the date of this report management is not aware of any pending litigation.

Annual Report for Seneca County Funding Corporation

Fiscal Year Ending: 12/31/2019

Run Date: 03/31/2020

Status: UNSUBMITTED

Certified Date: N/A

Bond Information

Name of Recipient of Bond Proceeds	New York Chiropractic College	Bond Interest Rate	2.51
Address Line1	2360 State Route 89	Last Year Bonds Expected to be Retired	2027
Address Line2		Amount of Bond Principal Retired during the Reporting Year	1083514
City	SENECA FALLS	Amount of Bond Principal Retired Prior to Reporting Year	3162986
State	NY	Current Amount of Bonds Outstanding	\$9,668,681.00
Postal Code	13148	Purpose of Project Requiring the Bond Issuance	Commercial Property Construction/Acquisition/Revitalization/ Improvement
Plus4		Was the Bond Issuance Expected to Result in New Jobs Being Created?	No
Province/Region		If yes, How Many Jobs Were Planned to be Created?	
Country	United States	If yes, How Many Jobs Have Been Created to Date?	
Amount of Bonds Issued	\$13,915,181.00	Have the Bonds Been Fully Retired?	No
Date Bonds Issued	6/2/2016		



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

Independent Auditors' Report

To the Board Members of
Seneca County
Funding Corporation
A Component Unit of Seneca County, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Seneca County Funding Corporation (Corporation), a component unit of Seneca County, New York, which comprise the statement of net position as of December 31, 2019 and 2018, and the related statements of revenues, expenses, and changes in fund net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Seneca County Funding Corporation (Corporation), a component unit of Seneca County, New York's financial statements, and have issued our report thereon dated March 12, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Seneca County Funding Corporation (Corporation), a component unit of Seneca County, New York's internal control over financial reporting to determine the 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 Seneca County Funding Corporation (Corporation), a component unit of Seneca County, New York's internal control. Accordingly, we do not express an opinion on the effectiveness Seneca County Funding Corporation (Corporation), a component unit of Seneca County, New York'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 a 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 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 Seneca County Funding Corporation (Corporation), a component unit of Seneca County, New York's financial statements are free from 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 Corporation'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.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
March 12, 2020

**SENECA COUNTY FUNDING CORPORATION
(A Component Unit of Seneca County, New York)**

SCHEDULE OF FINDINGS AND RESPONSES

For the Year Ended December 31, 2019

I. Summary of the Auditors' Results

Financial Statements

a) Type of auditor's report issued	Unmodified
b) Internal control over financial reporting	
1. Material weaknesses identified	No
2. Significant deficiency(ies) identified	No
c) Noncompliance material to financial statements noted	No

II. Financial Statement Findings

There were no current year findings and there were no prior year findings.