

**REPORT TO THE BOARD OF DIRECTORS**

**BATAVIA DEVELOPMENT CORPORATION**

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**MARCH 31, 2021**



June 24, 2021

Members of the Board of Directors  
Batavia Development Corporation  
One Batavia City Centre  
Batavia, New York 14020

Members of the Board:

We are pleased to present this report related to our audit of the consolidated financial statements of the Batavia Development Corporation, New York (the Corporation) for the year ended March 31, 2021. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Corporation's financial reporting process.

This report is intended solely for the information and use of the Corporation Board and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to be of service to the Corporation.

Very truly yours,

*Freed Maxick CPAs, P.C.*  
Freed Maxick CPAs, P.C.

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## Required Communications

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Generally accepted auditing standards (AU-C 260, *The Auditors Communications with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and related compliance reporting process.

Area	Comments
<b>Our Responsibilities with Regard to the Financial Statement Audit</b>	Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> , issued by the Comptroller General of the United States, have been described to you in our arrangement letter dated January 25, 2021. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities which are also described in that letter.
<b>Overview of the Planned Scope and Timing of the Financial Statement Audit</b>	We have issued a separate communication dated January 25, 2021 regarding the planned scope and timing of our audit and identified significant risks.
<b>Accounting Policies and Practices</b>	<b>Preferability of Accounting Policies and Practices</b> Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice. <b>Adoption of, or Change in, Accounting Policies</b> Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Corporation. In the current year the Corporation implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 95, <i>Postponement of the Effective Dates of Certain Authoritative Guidance</i> .
	<b>Significant or Unusual Transactions</b> We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. <b>Management's Judgments and Accounting Estimates</b> We are not aware of any significant accounting estimates noted during our audit.
<b>Basis of Accounting</b>	The financial statements were prepared on assumption that the entity will continue as a going concern.
<b>Audit Adjustments</b>	There were no audit adjustments made to the original trial balance presented to us to begin our audit.
<b>Uncorrected Misstatements</b>	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

## Required Communications (Continued)

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Area	Comments
<b>Disagreements with Management</b>	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
<b>Consultations with Other Accountants</b>	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
<b>Significant Issues Discussed with Management</b>	No significant issues arising from the audit were discussed or were the subject of correspondence with management.
<b>Significant Difficulties Encountered in Performing the Audit</b>	We did not encounter any significant difficulties in dealing with management during the audit.
<b>Significant Written Communication Between Management and Our Firm</b>	Copies of the representation letters provided by management are attached as Exhibit A.

## **Recently Issued Accounting Standards**

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The GASB has issued several statements not yet implemented by the Corporation. The Corporation's management has not yet determined the effect these Statements will have on the Corporation's financial statements. However, the Corporation plans to implement all standards by the required dates. The Statement which might impact the Corporation is as follows:

### **Summary of GASB Statement No. 87, *Leases***

This Statement, issued in June 2017, will be effective for the Corporation with its fiscal year ending March 31, 2023. This Statement better meets the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged.

**EXHIBIT A - SIGNIFICANT WRITTEN COMMUNICATION**  
**BETWEEN MANAGEMENT AND OUR FIRM**

**BATAVIA DEVELOPMENT CORPORATION  
ONE CITY CENTRE  
BATAVIA, NEW YORK 14020**

June 24, 2021

Freed Maxick CPAs, P.C.  
One Evans Street  
Batavia, New York 14020

This representation letter is provided in connection with your audit of the financial statements of the Batavia Development Corporation (the Corporation) and its wholly owned subsidiary, Creek Park Batavia LLC (CPL), as of and for the years ended March 31, 2021 and 2020, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, as of the date of the auditor's report:

**Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated January 25, 2021, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP. Types of related party transactions engaged in by Corporation include:
  - a. Those with City of Batavia, New York and the CPL.
  - b. Those with other organizations for which the nature and significance of their relationship with the Corporation are such that exclusion would cause the reporting of the Corporation's financial statements to be misleading or incomplete.
  - c. Interfund transactions, interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees.
6. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
9. The following have been properly recorded and/or disclosed in the financial statements:

- a. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.
  - b. Net position classifications.
  - c. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
  - d. All significant estimates known to management that are required to be disclosed.
  - e. The effect on the financial statements of GASB pronouncements which have been issued, but which we have not yet adopted.
  - f. The Corporation is following either its established accounting policy regarding which resources (that is, restricted, committed, assigned or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available or is following paragraph 18 of GASB Statement No. 54 to determine the fund balance classifications for financial reporting purposes.
10. With respect to drafting of the financial statements and related notes and the preparation of federal and state return performed in the course of the audit:
- a. We have made all management decisions and performed all management functions;
  - b. We assigned an appropriate individual to oversee the services;
  - c. We evaluated the adequacy and results of the services performed, and made an informed judgment on the results of the services performed;
  - d. We have accepted responsibility for the results of the services; and
  - e. We have accepted responsibility for all significant judgments and decisions that were made.
11. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private that is not disclosed in the financial statement.
12. We have complied with all aspects of laws, regulations, and provisions of contracts and agreements that would have a material effect on the basic financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act, because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
13. We have no knowledge of any uncorrected misstatements in the financial statements.

#### **Information Provided**

14. We have provided you with:
- a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters.
  - b. Additional information that you requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of the governing board and committees of board members, or summaries of actions of recent meetings for which minutes have not yet been prepared.
15. All transactions have been recorded in the accounting records and are reflected in the financial statements.
16. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud, if applicable.
17. It is our responsibility to establish and maintain internal control over financial reporting. One of the components of internal control is risk assessment. We hereby represent that our risk assessment process includes identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of

misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.

18. We have no knowledge of allegations of fraud or suspected fraud, affecting the Corporation's financial statements involving:
  - a. Management.
  - b. Employees who have significant roles in the internal control.
  - c. Others where the fraud could have a material effect on the financial statements.
19. We have no knowledge of any allegations of fraud or suspected fraud affecting the Corporation's financial statements received in communications from employees, former employees, analysts, regulators, short sellers or others.
20. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
21. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.
22. We have disclosed to you the identity of the Corporation's related parties and all the related-party relationships and transactions of which we are aware.
23. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Corporation's ability to record, process, summarize, and report financial data.
24. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
25. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

### **Supplementary Information**

26. With respect to supplementary information presented in relation to the financial statements as a whole:
  - a. We acknowledge our responsibility for the presentation of such information.
  - b. We believe the combining statements, including its form and content, are fairly presented in accordance with U.S. GAAP.
  - c. The methods of measurement or presentation have not changed from those used in the prior period.
  - d. There are no underlying significant assumptions or interpretations regarding the measurement or presentation of such information.
  - e. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

### **Compliance Considerations**

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm that management:

1. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
2. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Corporation.
3. Is aware of no instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

4. Is aware of no instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
5. Is aware of no instances that have occurred, or are likely to have occurred, of waste or abuse that could be quantitatively or qualitatively material to the financial statements.
6. Is responsible for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
7. Acknowledges its responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.
8. Has a process to track the status of audit findings and recommendations.
9. Acknowledges its responsibilities as it relates to nonaudit services performed by the auditor, including all management responsibilities; that we have overseen the services by designating Lori Aratari, President, who possesses suitable skill, knowledge, or experience; to evaluate the adequacy and results of the services performed; and to accept responsibility for the results of the services.

**Batavia Development Corporation**



\_\_\_\_\_  
Lori Aratari  
President



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Andrew Maguire  
Director of Economic Development

**BATAVIA DEVELOPMENT CORPORATION  
ONE CITY CENTRE  
BATAVIA, NEW YORK 14020**

June 24, 2021

Freed Maxick CPAs, P.C.  
One Evans Street  
Batavia, New York 14020

In connection with your examination of the Batavia Development Corporation's (the Corporation), compliance with the New York State Comptroller's Investment Guidelines for Public Authorities and Section 2925 of the New York State Public Authorities Law (collectively, the "Investment Guidelines") during the period of April 1, 2020 through March 31, 2021 in accordance with standards established by the American Institute of Certified Public Accountants, we confirm to the best of our knowledge and belief, the following representations made to you during the course of your engagement:

1. We are responsible for the Corporation's compliance with the Investment Guidelines.
2. We are responsible for establishing and maintaining effective internal control over the Corporation's compliance with the Investment Guidelines.
3. We have performed an evaluation of the Corporation's compliance with the Investment Guidelines. Based on our evaluation, the Corporation has complied with the Investment Guidelines during the period April 1, 2020 through March 31, 2021 based on the criteria referred to under New York State Comptroller's Investment Guidelines for Public Authorities and Section 2925 of the New York State Public Authorities Law.
4. There has been no known noncompliance with the Investment Guidelines during the period April 1, 2020 through March 31, 2021 or through the date of this letter.
5. There are no known communications from regulatory agencies, internal auditors, or other practitioners concerning the Corporation's possible noncompliance with the Investment Guidelines received by us during the period April 1, 2020 through March 31, 2021 or through the date of this letter.
6. We have made available to you all documentation related to the Corporation's compliance with the Investment Guidelines.
7. There has been no knowledge of fraud or suspected fraud affecting the entity involving:
  - a. Management.
  - b. Employees who have significant roles in the internal control.
  - c. Others where fraud could have a material effect on the Corporation's compliance with the Investment Guidelines.
8. We acknowledge our responsibility for the design and implementation of programs and controls to provide reasonable assurance that fraud is prevented and detected.
9. We have no knowledge of any allegations of fraud or suspected fraud affecting the Corporation received in communications from employees, former employees, analysts, regulators, short sellers, or others.
10. We have responded fully to all inquiries made to us by you during your engagement.

11. During the course of your engagement you may have accumulated records containing data which should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

**Batavia Development Corporation**

  
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Signature

  
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Title