

MUNIPRO, Inc.
(a Discretely Presented Component Unit of
the Town of Greece, New York)

Financial Statements As of
December 31, 2022
Together With Independent
Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

MUNIPRO, Inc.
(A Discretely Presented Component Unit of the Town of Greece, New York)

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INDEPENDENT AUDITOR'S REPORT

March 22, 2023

To the Board of Directors of
MUNIPRO, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of MUNIPRO, Inc. (the Corporation), a discretely presented component unit of the Town of Greece, New York, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2022, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Note 7 to the financial statements, in 2022, the Corporation adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management For the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities For the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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. 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2023, on our consideration of the Corporation'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's 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 Corporation's internal control over financial reporting and compliance.

MUNIPRO, Inc.
(A Discretely Presented Component Unit of the Town of Greece, New York)

Management's Discussion and Analysis (Unaudited)
December 31, 2022

THE ORGANIZATION

MUNIPRO, Inc. (the Corporation) was created for the purpose of acquiring land through purchase or donation within the boundaries of the Town of Greece, New York (the Town) in the County of Monroe. The Corporation prepares land which it has acquired for marketability and enters into long-term lease agreements with unrelated entities and remits a portion of net income from such property to the Town. The Corporation is a discretely presented component unit of the Town. Accordingly, the financial statements report only the activities of the Corporation.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements. The financial statements of the Corporation include a management's discussion and analysis (MD&A) (this section), the statements of net position, statements of revenues, expenses and change in net position, statements of cash flows, and related notes to the financial statements. The statement of net position presents information on all of the Corporation's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the Corporation is improving or deteriorating. The statement of revenues, expenses and change in net position presents information showing how the Corporation's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods such as rental income receivable and services rendered but not yet paid for. The statement of cash flows provides information about the Corporation's receipts, payments, and net changes in cash resulting from operating, financing, and investing activities. The notes to the financial statements contain information that is essential to the understanding of the financial statements, such as the Corporation's accounting methods and policies.

BASIS OF ACCOUNTING

The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments, including public benefit corporations. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of when the related cash transactions take place. All of the Corporation's activities are classified as proprietary activities.

MUNIPRO, Inc.
(A Discretely Presented Component Unit of the Town of Greece, New York)

Management's Discussion and Analysis (Unaudited)
December 31, 2022

FINANCIAL HIGHLIGHTS

The Statement of Net Position provides perspective of the Corporation as a whole. Net position of the Corporation was \$10,642,392 at the close of 2022. At the close of 2021 the total net position was \$8,615,780.

	Condensed Statements of	
	Net Position	
	<u>2022</u>	<u>2021</u>
Total assets	<u>\$ 15,964,666</u>	<u>\$ 8,733,578</u>
Total liabilities	<u>8,145</u>	<u>117,798</u>
Deferred inflows of resources	<u>5,314,129</u>	<u>-</u>
Net position		
Net investment in capital assets	3,455,691	5,212,441
Unrestricted	<u>7,186,701</u>	<u>3,403,339</u>
Total net position	<u>\$ 10,642,392</u>	<u>\$ 8,615,780</u>

The Corporation's total assets increased approximately \$7,200,000 from 2021 to 2022. This was due to the mortgage receivable related to the sale of land and the lease receivable related to the implementation of GASB 87. The implementation of GASB 87 also resulted in the recording of a deferred inflow of resources in the current year. Liabilities decreased approximately \$110,000, which is mainly due to the payment of taxes in arrears owed on the building that was acquired in the prior year and sold in the current year.

MUNIPRO, Inc.
(A Discretely Presented Component Unit of the Town of Greece, New York)

Management's Discussion and Analysis (Unaudited)
December 31, 2022

CAPITAL ASSETS

The largest portion of the Corporation's net position reflects its net investment in capital assets (i.e., land). The Corporation uses these capital assets to generate revenue; consequently, these assets are not available for future spending. There were two land sales in 2022 (including the sale of a building) that decreased the balance of capital assets by approximately \$1,750,000. There were two land sales in 2021 as well, that decreased the balance of capital assets by approximately \$1,005,000.

	Condensed Statements of Revenues, Expenses and Change in Net Position	
	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 2,692,694	\$ 2,362,934
Operating expenses	<u>(178,726)</u>	<u>(59,899)</u>
Operating income	2,513,968	2,303,035
Non-operating revenue (expense)	12,644	347
Transfers to Town of Greece	<u>(500,000)</u>	<u>(500,000)</u>
Change in net position	<u>\$ 2,026,612</u>	<u>\$ 1,803,382</u>

Expenses

Total operating expenses increased approximately \$119,000 in 2022 due to the loss on the early termination of a lease and costs associated with the sale of land in 2022.

Revenues

Operating revenue increased in 2022 from 2021 by approximately \$330,000 due to the higher value of land sold in 2022.

Transfers to the Town of Greece, New York

Transfers to the Town, recorded in the statement of revenues, expenses and change in net position, were \$500,000 in both 2022 and 2021. These transfers were in accordance with the agreement between the Corporation and the Town.

MUNIPRO, Inc.
(A Discretely Presented Component Unit of the Town of Greece, New York)

Management's Discussion and Analysis (Unaudited)
December 31, 2022

ECONOMIC FACTORS

The current economic environment does not have a negative impact on Munipro operations. Long-term leaseholders are solvent, fully operational and current in their lease payments. The rise in interest rates has allowed Munipro to begin investing in treasury notes in 2023 that will greatly increase interest earnings from surplus cash.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Corporation's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional information should be addressed in writing to MUNIPRO, Inc., c/o Town of Greece, 1 Vince Tofany Blvd., Greece, New York 14612.

MUNIPRO, Inc.
(A Discretely Presented Component Unit of the Town of Greece, New York)

Statement of Net Position
December 31, 2022

	<u>2022</u>
ASSETS	
Cash and cash equivalents	\$ 5,324,615
Accounts receivable	9,384
Accrued interest receivable	7,781
Mortgage receivable, current portion	53,451
Mortgage receivable, net of current portion	1,725,091
Lease receivable, current portion	144,051
Lease receivable, net of current portion	5,244,602
Capital assets - land	<u>3,455,691</u>
Total assets	<u>15,964,666</u>
LIABILITIES	
Accounts payable	<u>8,145</u>
Total liabilities	<u>8,145</u>
DEFERRED INFLOWS OF RESOURCES	
Lease related	<u>5,314,129</u>
Total deferred inflows of resources	<u>5,314,129</u>
NET POSITION	
Net investment in capital assets	3,455,691
Unrestricted	<u>7,186,701</u>
Total net position	<u>\$ 10,642,392</u>

The accompanying notes are an integral part of these financial statements.

MUNIPRO, Inc.
(A Discretely Presented Component Unit of the Town of Greece, New York)

Statement of Revenues, Expenses and Change in Net Position
For the Year Ended December 31, 2022

	<u>2022</u>
OPERATING REVENUES:	
Charges for services	\$ 499,444
Sale of land	<u>2,193,250</u>
Total operating revenues	<u>2,692,694</u>
OPERATING EXPENSES:	
Services and supplies	140,882
Loss on early lease termination	<u>37,844</u>
Total operating expenses	<u>178,726</u>
Operating income	<u>2,513,968</u>
NON-OPERATING REVENUE (EXPENSE):	
Interest income	12,644
Total non-operating revenue (expense)	<u>12,644</u>
CHANGE IN NET POSITION BEFORE TRANSFERS	2,526,612
TRANSFERS TO THE TOWN OF GREECE, NEW YORK	<u>(500,000)</u>
CHANGE IN NET POSITION	2,026,612
NET POSITION - beginning of year	<u>8,615,780</u>
NET POSITION - end of year	<u>\$ 10,642,392</u>

The accompanying notes are an integral part of these financial statements.

MUNIPRO, Inc.
(A Discretely Presented Component Unit of the Town of Greece, New York)

Statement of Cash Flows
December 31, 2022

	<u>2022</u>
CASH FLOW FROM OPERATING ACTIVITIES:	
Cash received from customers	\$ 633,984
Cash received from sale of land	3,950,000
Cash paid to suppliers	<u>(288,379)</u>
Net cash flow from operating activities	<u>4,295,605</u>
CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:	
Payments to Town of Greece, New York	<u>(500,000)</u>
Net cash flow used in non-capital financing activities	<u>(500,000)</u>
CASH FLOW FROM INVESTING ACTIVITIES:	
Cash received for interest	<u>12,644</u>
Net cash flow from investing activities	<u>12,644</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,808,249
CASH AND CASH EQUIVALENTS - beginning of year	<u>1,516,366</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 5,324,615</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:	
Operating income	\$ 2,513,968
Gain on sale of land	1,756,750
Adjustments to reconcile operating income to net cash flow from operating activities:	
Changes in:	
Accounts receivable	1,995,387
Mortgage receivable	(1,778,542)
Lesae receivable	(5,388,653)
Accrued interest receivable	(7,781)
Accounts payable	(109,653)
Deferred inflows of resources	<u>5,314,129</u>
Net cash flow from operating activities	<u>\$ 4,295,605</u>

The accompanying notes are an integral part of these financial statements.

MUNIPRO, Inc.
(A Discretely Presented Component Unit of the Town of Greece, New York)

Notes to Basic Financial Statements
December 31, 2022

1. ORGANIZATION AND REPORTING ENTITY

Reporting Entity

The financial statements of MUNIPRO, Inc. (the Corporation), are intended to present only that portion of the activities that are attributable to the transactions of the Corporation. The financial statements do not purport to and do not present the financial position of the Town of Greece, New York (the Town) as of December 31, 2022, the changes in its financial position or its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Nature of Operations

The Board of Directors governs the Corporation. The Board of Directors is the body responsible for overall operations.

The Corporation was established by the Town's Board and formed as a not-for-profit corporation, established under section 501(c)(2) of the Internal Revenue Code. The Town Board maintains the authority to appoint the Board of Directors of the Corporation. Since the Town Board has control over the Corporation, it is considered a discretely presented component unit of the Town and, therefore, operating results are included as a separate column in the Town's basic financial statements.

The purpose of the Corporation is to acquire land through purchase or donation. The land is valued upon acquisition at cost plus closing costs. The Corporation prepares the land for marketability and enters into long-term lease or sale agreements with unrelated entities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Corporation have been prepared in conformity with accounting principles generally accepted in the United States (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments, including public benefit corporations. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of when the related cash transactions take place. All of the Corporation's activities are classified as proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the principal ongoing operations. The principal operating revenues of the Corporation are lease payments. Operating expenses consist of administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

MUNIPRO, Inc.
(A Discretely Presented Component Unit of the Town of Greece, New York)

Notes to Basic Financial Statements
December 31, 2022

Basis of Presentation

GASB requires the classification of net position into three categories defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, if applicable. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted net position - This component of net position consists of amounts which have external constraints placed on their use imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. At December 31, 2022, the Corporation has no restricted net position.
- Unrestricted net position - This component of net position consists of those amounts that do not meet the definition of "net investment in capital assets", or "restricted".

When both restricted and unrestricted resources are available for use, it is the Corporation's policy to use restricted resources first, and then unrestricted resources as they are needed.

Cash and Cash Equivalents

The Corporation considers cash and cash equivalents to be interest bearing deposits and money market accounts.

Accounts and Leases Receivable

The Corporation provides credit to customers in the normal course of operations. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectible amounts. Allowances are reported when accounts are proven to be uncollectible. The Corporation has not recorded an allowance for doubtful accounts at December 31, 2022.

Mortgage Receivable

Mortgage receivable includes amounts owed to the Corporation from the sale of land. Mortgage receivables are reported net of an allowance for uncollectible amounts and revenues net of uncollectible amounts. Allowances are reported when amounts are proven to be uncollectible. As there is a guarantor of the mortgage receivable, the Corporation has not recorded an allowance as of December 31, 2022.

MUNIPRO, Inc.
(A Discretely Presented Component Unit of the Town of Greece, New York)

Notes to Basic Financial Statements
December 31, 2022

Capital Assets

Capital assets are defined by the Corporation within the capitalization policy as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at acquisition cost including closing costs. Donated capital assets are recorded at estimated fair market value at the date of donation. Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Deferred Inflows of Resources

Lease-related amounts are recognized at the inception of leases in which the Corporation is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Revenues

The Corporation's primary operating revenue source is from long-term lease agreements for land use with unrelated entities. Non-operating revenue consists of interest income.

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 Procedure 95-48, 1992 C.C. 418 as a governmental unit or affiliate of a governmental unit as described in the procedure.

Transfers to Town of Greece

Transfers are made to the Town annually pursuant to the Corporation's Articles of Incorporation. The transfers are expensed when they are made. The Corporation transferred \$500,000 to the Town for the year ended December 31, 2022.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

MUNIPRO, Inc.
(A Discretely Presented Component Unit of the Town of Greece, New York)

Notes to Basic Financial Statements
December 31, 2022

3. DEPOSITS WITH FINANCIAL INSTITUTIONS

Policies

The Corporation follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; and conform with the Public Authorities Law.

The Corporation's monies must be deposited in a bank or banks designated by the Board of Directors, and, to the extent practicable, consistent with the cash requirements of the Corporation, all such money shall be deposited in interest bearing accounts. The Board authorizes the use of all commercial banks or trust companies located and authorized to do business in New York State.

The Corporation is incorporated as a not-for-profit and, as such, is not required to maintain collateral on its accounts but has elected to do so. Collateral is required for deposits and certificates of deposit not covered by FDIC insurance. The market value of collateral at all times must equal or exceed 102% of the principal amount of the certificate of deposit.

Credit Risk

The Corporation's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The Corporation's investment and deposit policy authorizes the following types of investments for investing the Corporation's monies with commercial banks or trust companies located and authorized to do business with Monroe County:

- Savings Accounts;
- NOW Accounts;
- Money Market Deposit Accounts;
- Super NOW Accounts;
- 7 to 31 Day Accounts;
- Certificates of Deposit;
- Repurchase Agreements;
- US Treasury Bonds, Bills, Notes;
- Obligations of the United States and the State of New York and any obligations of any municipality and school district authorized within the state;
- Other investment instruments as may be approved by the Office of the State Comptroller from time to time.

MUNIPRO, Inc.**(A Discretely Presented Component Unit of the Town of Greece, New York)****Notes to Basic Financial Statements****December 31, 2022****Cash and Cash Equivalents**

The Corporation's cash was covered by FDIC insurance, or by eligible securities held in the Corporation's name by a third-party custodial bank or by the bank's trust department. The Corporation's deposits consisted of the following at December 31:

	<u>2022</u>	
	<u>Bank Balance</u>	<u>Carrying Amount</u>
Primary Government	\$ 5,327,141	\$ 5,324,615
Covered by FDIC insurance	\$ 257,748	
Collateralized by bank	<u>5,170,781</u>	
Total	<u>\$ 5,428,529</u>	

4. MORTGAGE RECEIVABLE

The Corporation is reporting net mortgage receivable of \$1,778,542 at December 31, 2022. The Corporation entered into this mortgage for the sale of 300 Paddy Creek Circle. The Corporation has not recorded an allowance as the mortgage is backed by a guarantor.

5. LEASE RECEIVABLE

The Corporation has leases receivable of \$5,388,653 at December 31, 2022. For 2022, the Corporation reported lease revenue of \$284,410, interest revenue of \$155,576, and \$37,844 of loss related to the early termination of a lease agreement. These lease activity in the current year is summarized as follows:

<u>Lease</u>	<u>Lease</u>			<u>Loss on Early</u>
	<u>Receivable</u>	<u>Lease Revenue</u>	<u>Lease Interest</u>	<u>Termination</u>
Acsons	\$ 4,324,918	\$ 159,615	\$ 90,221	\$ -
M&T Bank	1,063,735	52,221	22,227	-
Residence Inn	-	57,620	43,128	(37,844)
Greece Hotel Ventures	-	9,559	-	-
Meier's Farm	-	5,395	-	-
Total	<u>\$ 5,388,653</u>	<u>\$ 284,410</u>	<u>\$ 155,576</u>	<u>\$ (37,844)</u>

Acsons - In 1999, Munipro, Inc., as a lessor, entered into an agreement with Acsons, Inc., the lessee, to rent the land located at 2505 W. Ridge Road. The rent is payable quarterly. This is a 50-year lease which includes one renewal option for an additional 25-year term. At this time, Munipro, Inc. cannot say with any reasonable certainty that the lessee will renew the lease for the additional term. In accordance with the provisions of GASBS No. 87, the lease was retroactively measured as of January 1, 2022 with a lease term of 27 years and 9 months, with an implicit interest rate of 2.055%, the 20-year Treasury Bill rate at the time of measurement.

MUNIPRO, Inc.
(A Discretely Presented Component Unit of the Town of Greece, New York)

Notes to Basic Financial Statements
December 31, 2022

M&T Bank - In 1997, Munipro, Inc., as a lessor, entered into an agreement with M&T Bank, the lessee, to rent the land located 1282 Long Pond Rd. The rent is payable monthly. This was a 15-year lease which includes six additional renewal terms each for 5 years (30 renewal years in total). As of the beginning of the year, Munipro Inc. was reasonably certain that the lessee would continue to lease the property. In accordance with the provisions of GASBS No. 87, the lease was retroactively measured as of January 1, 2022 with a lease term of 21 years, and an implicit interest rate of 2.055%, the 20-year Treasury Bill rate at the time of measurement.

EJ Del Monte (Residence Inn) - In 1997, Munipro, Inc., as a lessor, entered into an agreement with EJ Del Monte, the lessee, to rent the land located 500 Paddy Creek Circle. The rent was payable monthly. This was a 20-year lease which included two additional renewal terms each for 20 years (40 renewal years in total). As of the beginning of the year, Munipro Inc. was reasonably certain that the lessee would continue to lease the property. In accordance with the provisions of GASBS No. 87, the lease was retroactively measured as of January 1, 2022 with a lease term of 36 years, and an implicit interest rate of 2.055%, the 20-year Treasury Bill rate at the time of measurement. However, on July 18, 2022, the land was sold and the corresponding lease was terminated. At year-end 2022, the receivable was \$0, as were deferred inflows of resources. Additionally, at the time of the sale, a prorated amount of \$4,009 was refunded to the lessee by Munipro, Inc. for the unused July rent.

Other Leasing Activity - Munipro Inc. collected \$9,559 in lease revenue from Greece Hotel Ventures for the property at 400 Paddy Creek Circle (site of the Fairfield Inn). This was a land lease that was terminated in December 2021, and the amount that was received in 2022 was for a one-month delay in the closing process.

Munipro, Inc. also leased agricultural land to Meier Farms for use in their business for \$5,395 in 2022. This particular lease is not subject to GASB 87 regulations since it is renewed annually (short-term).

Future minimum lease payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 144,051	\$ 109,567	\$ 253,618
2024	147,036	106,583	253,619
2025	150,082	103,537	253,619
2026	153,192	100,427	253,619
2027	156,366	97,253	253,619
2028-2032	899,178	433,839	1,333,017
2033-2037	1,045,390	333,559	1,378,949
2038-2042	1,252,949	217,321	1,470,270
2043-2047	1,047,627	97,788	1,145,415
2048-2049	392,782	8,113	400,895
	<u>\$ 5,388,653</u>	<u>\$ 1,607,987</u>	<u>\$ 6,996,640</u>

MUNIPRO, Inc.
(A Discretely Presented Component Unit of the Town of Greece, New York)

Notes to Basic Financial Statements
December 31, 2022

6. CAPITAL ASSETS

A summary of changes in capital assets was as follows:

	Balance			Balance
	<u>1/1/22</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/22</u>
Capital assets not being depreciated:				
Land	\$ 4,955,691	\$ -	\$ (1,500,000)	\$ 3,455,691
Building held for sale	<u>256,750</u>	<u>-</u>	<u>(256,750)</u>	<u>-</u>
Total capital assets not being depreciated	<u>\$ 5,212,441</u>	<u>\$ -</u>	<u>\$ (1,756,750)</u>	<u>\$ 3,455,691</u>

There were no depreciable assets as of December 31, 2022.

7. PRIOR PERIOD ADJUSTMENT

Change in Accounting Principle

During the year ended December 31, 2022, the Corporation implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated into Munipro's financial statements and but had no effect on the beginning net position since the deferred inflows equal the amount of the lease receivable.

	<u>Net Position</u>
Balance at December 31, 2021, as previously reported	\$ 8,615,780
Adjustments:	
Lease receivable	9,245,978
Deferred inflows - leases	<u>(9,245,978)</u>
Balance at January 1, 2022, as restated	<u>\$ 8,615,780</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

March 22, 2023

To the Board of Directors of
MUNIPRO, Inc.

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 MUNIPRO, Inc. (the Corporation), a discretely presented component unit of the Town of Greece, New York, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated March 22, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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, misstatement 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 entity's financial statement 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 the limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

171 Sully 's Trail
Pittsford, New York 14534
p (585) 381-1000
f (585) 381-3131

www.bonadio.com

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation'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 financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.