

**COUNTY OF MONROE
INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit
of the County of Monroe, New York)**

**Financial Statements as of
December 31, 2009 and 2008
Together with
Independent Auditors' Report**

Bonadio & Co., LLP
Certified Public Accountants

**COUNTY OF MONROE INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the County of Monroe, New York)**

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INDEPENDENT AUDITORS' REPORT

March 4, 2010

To the Board of Directors of the
County of Monroe Industrial Development Agency:

We have audited the accompanying financial statements of the business-type activities of the County of Monroe Industrial Development Agency (COMIDA), a New York Public Benefit Corporation and a discretely presented component unit of the County of Monroe, New York, as of and for the years ended December 31, 2009 and 2008, which collectively comprise COMIDA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of COMIDA. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of COMIDA as of December 31, 2009 and 2008, and the respective changes in net assets and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2010, on our consideration of COMIDA'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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INDEPENDENT AUDITORS' REPORT

(Continued)

The management's discussion and analysis on pages 3 through 6 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

**COUNTY OF MONROE INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the County of Monroe, New York)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

The following Management's Discussion and Analysis (MD&A) of the County of Monroe Industrial Development Agency's (COMIDA) financial position provides an overview of COMIDA's financial activities for the years ended December 31, 2009 and 2008. The MD&A should be read in conjunction with COMIDA's financial statements and related notes, which follow the MD&A.

FINANCIAL HIGHLIGHTS

- COMIDA's net assets decreased by \$498,479 in 2009 and increased by \$403,010 in 2008 as a result of 2009 and 2008 operations.
- COMIDA's total revenues (operating and non-operating) were \$1,521,232 and \$1,836,445 in 2009 and 2008, respectively.
- COMIDA's total expenses were \$2,019,711 and \$1,433,435 in 2009 and 2008, respectively.
- The assets of COMIDA exceeded its liabilities at December 31, 2009 and 2008, by \$3,196,169 and \$3,694,648, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

The statement of net assets and the statement of revenue, expenses, and change in net assets report information about COMIDA 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 are taken into account regardless of when cash is received or paid.

These two statements report COMIDA's net assets and changes in them from one year to the next. COMIDA's net assets, the difference between assets and liabilities, are one way to measure COMIDA's financial health, or financial position. Over time, increases or decreases in COMIDA's net assets are one indicator of whether its financial health is improving or deteriorating. Consideration should also be given to other factors, such as changes in COMIDA's fee income and the fluctuation of COMIDA's expenses, to assess the overall health of COMIDA.

NOTES TO FINANCIAL STATEMENTS

The financial statements also include notes that explain the information in the financial statements. They are essential to a full understanding of the data provided in the financial statements.

COMIDA

The analysis below summarizes the statements of net assets (Table 1) and changes in net assets (Table 2) of COMIDA as of and for the years ended December 31, 2009, 2008, and 2007.

Table 1 - Statements of Net Assets (000s omitted)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Assets:			
Current assets	\$ 3,227	\$ 3,759	\$ 4,150
Capital assets, net of accumulated depreciation	<u>1</u>	<u>3</u>	<u>6</u>
Total assets	<u>3,228</u>	<u>3,762</u>	<u>4,156</u>
Liabilities:			
Current liabilities	<u>\$ 32</u>	<u>\$ 67</u>	<u>\$ 864</u>
Total liabilities	<u>32</u>	<u>67</u>	<u>864</u>
Net assets:			
Invested in capital assets	\$ 1	\$ 3	\$ 6
Unrestricted	<u>3,195</u>	<u>3,692</u>	<u>3,286</u>
Total net assets	<u>\$ 3,196</u>	<u>\$ 3,695</u>	<u>\$ 3,292</u>

Cash decreased approximately \$547,000 in 2009 primarily as a result of fewer projects closing in 2009. Total liabilities decreased approximately \$35,000 as a result of less obligations remaining unpaid at year-end. Unrestricted net assets, which is the result of these factors, decreased approximately \$498,000 in 2009 and can be primarily attributed to the poor economic conditions.

Cash decreased approximately \$417,000 in 2008 primarily as a result of decreased revenues. Total liabilities decreased approximately \$800,000 and unrestricted net assets increased approximately \$403,000 in 2008 primarily due to the change in the manner of accruing community development expenses.

COMIDA (Continued)

Table 2 shows the changes in net assets for the years ended December 31, 2009, 2008, and 2007.

Table 2 - Changes in Net Assets (000s omitted)

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues:			
Fee income	\$ 1,314	\$ 1,575	\$ 2,697
PTAC income	189	187	124
Interest income	<u>18</u>	<u>75</u>	<u>140</u>
Total revenues	<u>1,521</u>	<u>1,837</u>	<u>2,961</u>
Expenses:			
Program and community development	1,146	481	830
Salaries	346	352	352
Professional services	325	347	462
Payroll taxes and employee benefits	79	97	81
Rent	60	60	60
Travel, meetings and entertainment	17	21	21
Office supplies and postage	12	13	30
Advertising and promotion	12	37	22
Outside services	11	11	4
Legal notices	7	8	11
Dues and subscriptions	2	3	10
Depreciation	<u>2</u>	<u>4</u>	<u>6</u>
Total expenses	<u>2,019</u>	<u>1,434</u>	<u>1,889</u>
Change in net assets	<u>\$ (498)</u>	<u>\$ 403</u>	<u>\$ 1,072</u>

Fee income decreased approximately \$261,000, or 16%, in 2009. The decrease is due to fewer projects undertaken by local businesses. Interest rates decreased significantly from 2008 to 2009, which accounted for the 76% decrease in interest income. Program and community expenses increased approximately \$665,000 from 2008, which represents additional investments in local organizations to promote economic development and job creation.

Fee income decreased approximately \$1.125 million, or 42%, in 2008. The decrease is due to poor economic conditions in 2008 and the adoption of new civic facility legislation which prevented some projects from occurring. Procurement Technical Assistance Center (PTAC) income and related expenses increased approximately \$63,000 in 2008, or 51%, which is the result of a full year of COMIDA hosting PTAC compared to only part of a year in 2007.

Program and community development expenses decreased approximately \$349,000 from 2007 because in 2008, COMIDA did not accrue for budgeted community development. This decrease accounts for the majority of the decrease in expenses in 2008.

FUTURE FACTORS

Pending state legislation to require IDAs to pay prevailing wage rates could affect deal flow. In addition, the recent state requirement to pay a Cost Recovery Tax takes away from job creation programs and community development.

CONTACTING COMIDA'S ADMINISTRATION

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of COMIDA's finances and to show the accountability for the money received. If you have questions about this report or need additional financial information, contact the County of Monroe Industrial Development Agency's Executive Director, Judy Seil, at 50 West Main Street, Suite 8100, Rochester, New York, 14614.

COUNTY OF MONROE INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the County of Monroe, New York)

STATEMENTS OF NET ASSETS
DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 3,173,533	\$ 3,619,839
Fee income receivable	5,802	35,376
PTAC receivable	<u>47,279</u>	<u>103,551</u>
Total current assets	3,226,614	3,758,766
CAPITAL ASSETS, net	<u>1,394</u>	<u>3,101</u>
Total assets	<u>3,228,008</u>	<u>3,761,867</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	\$ 6,934	\$ 31,089
Accrued payroll and related expenses	<u>24,905</u>	<u>36,130</u>
Total current liabilities	<u>31,839</u>	<u>67,219</u>
NET ASSETS		
Invested in capital assets	\$ 1,394	\$ 3,101
Unrestricted	<u>3,194,775</u>	<u>3,691,547</u>
Total net assets	<u>\$ 3,196,169</u>	<u>\$ 3,694,648</u>

The accompanying notes are an integral part of these statements.

COUNTY OF MONROE INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the County of Monroe, New York)

STATEMENTS OF REVENUE, EXPENSES, AND CHANGE IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
REVENUES:		
Fee income	\$ 1,314,235	\$ 1,574,967
PTAC income	<u>189,112</u>	<u>186,616</u>
Total revenues	<u>1,503,347</u>	<u>1,761,583</u>
PROGRAM AND COMMUNITY DEVELOPMENT EXPENSES:		
Program support	200,000	200,000
Community development	<u>946,191</u>	<u>281,129</u>
Total program and community development expenses	<u>1,146,191</u>	<u>481,129</u>
OPERATING EXPENSES:		
Salaries	346,524	352,280
Professional services	325,298	346,678
Payroll taxes and employee benefits	79,036	96,722
Rent	60,000	60,000
Travel, meetings and entertainment	16,622	20,959
Advertising and promotion	11,919	37,464
Office supplies and postage	11,680	12,982
Outside services	11,286	10,691
Legal notices	7,175	8,471
Dues and subscriptions	2,273	2,525
Depreciation	<u>1,707</u>	<u>3,534</u>
Total operating expenses	<u>873,520</u>	<u>952,306</u>
Total expenses	<u>2,019,711</u>	<u>1,433,435</u>
Operating income (loss)	<u>(516,364)</u>	<u>328,148</u>
NONOPERATING REVENUE:		
Interest income	<u>17,885</u>	<u>74,862</u>
Total nonoperating revenue	<u>17,885</u>	<u>74,862</u>
CHANGE IN NET ASSETS	(498,479)	403,010
NET ASSETS - beginning of year	<u>3,694,648</u>	<u>3,291,638</u>
NET ASSETS - end of year	<u>\$ 3,196,169</u>	<u>\$ 3,694,648</u>

The accompanying notes are an integral part of these statements.

COUNTY OF MONROE INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the County of Monroe, New York)

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 1,589,193	\$ 1,730,745
Cash paid to employees for services	(436,424)	(451,999)
Cash paid to suppliers for goods and services	(470,769)	(493,579)
Cash paid for program and community development	<u>(1,146,191)</u>	<u>(1,275,709)</u>
Net cash flow from operating activities	<u>(464,191)</u>	<u>(490,542)</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of capital assets	<u>-</u>	<u>(829)</u>
Net cash flow from capital and related financing activities	<u>-</u>	<u>(829)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Interest income	<u>17,885</u>	<u>74,862</u>
Net cash flow from investing activities	<u>17,885</u>	<u>74,862</u>
CHANGE IN CASH	(446,306)	(416,509)
CASH - beginning of year	<u>3,619,839</u>	<u>4,036,348</u>
CASH - end of year	<u>\$ 3,173,533</u>	<u>\$ 3,619,839</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ (516,364)	\$ 328,148
Adjustments to reconcile operating income to net cash flow from operating activities -		
Depreciation	1,707	3,534
Changes in:		
Fee income receivable	29,574	(21,192)
PTAC receivable	56,272	(9,646)
Prepaid expenses	-	5,602
Accounts payable	(24,155)	589
Accrued payroll and related expenses	(11,225)	(2,997)
Accrued program and community development expenses	<u>-</u>	<u>(794,580)</u>
Net cash flow from operating activities	<u>\$ (464,191)</u>	<u>\$ (490,542)</u>

The accompanying notes are an integral part of these statements.

**COUNTY OF MONROE INDUSTRIAL DEVELOPMENT AGENCY
(A Discretely Presented Component Unit of the County of Monroe, New York)**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. COMIDA

On June 6, 1972, the County of Monroe Industrial Development Agency (COMIDA) was established by a special act of the County Legislature under the New York State Industrial Development Act of 1969. COMIDA's purpose is to provide, develop, encourage and assist existing and new businesses to acquire, construct, reconstruct, improve, maintain, equip and furnish facilities in the County of Monroe and Rochester, New York area.

COMIDA is a discretely presented component unit of the County of Monroe, New York (County of Monroe) and is a New York State not-for-profit public benefit corporation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and the proprietary fund financial statements to the extent they do not conflict or contradict guidance of the GASB. Governments also have the option of following subsequent private sector guidance for their business type activities and enterprise funds. COMIDA has elected not to follow subsequent private sector guidance.

Basis of Presentation

GASB requires the classification of net assets into three classifications defined as follows:

- Invested in capital assets, net of related debt - This component of net assets 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 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 assets component as the unspent proceeds.
- Restricted net assets - This component of net assets 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, 2009 and 2008, COMIDA has no restricted net assets.
- Unrestricted net assets - This component of net assets consists of net assets that do not meet the definition of "invested in capital assets, net of related debt", or "restricted".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nature of Activities

COMIDA administers programs that assist local businesses in obtaining long-term financing for property and equipment. COMIDA accomplishes this through two types of transactions, a lease-leaseback or issuance of an industrial development bond. COMIDA also funds various community development activities, which provide economic benefits for the County of Monroe.

Lease-Leaseback

In a lease-leaseback transaction, the lessee negotiates the terms and conditions of a financing arrangement with a bank or other commercial lender. COMIDA obtains title to, and possession and/or control of the property financed and enters into a lease agreement with the lessee for a term equal to the lesser of the term of the financing or the benefit period. The rent from the lease includes debt service payments to the lender and is paid directly by the lessee to the lender.

Industrial Development Bonds

The transaction for a bond issue is similar to a lease-leaseback except that COMIDA issues tax-exempt or taxable 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 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. COMIDA is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

The terms of these transactions generally provide for reductions in property taxes paid by recipients of the financing in return for commitments to provide jobs and other economic benefits for the County of Monroe.

As of December 31, 2008, there were 96 series of Industrial Development Bonds outstanding with an approximate aggregate amount payable of approximately \$554 million. This information for 2009 was unavailable at the time of issuance of these financial statements.

Related Parties

COMIDA is related through common managerial and operational personnel and common Board of Directors members with several organizations involved in promoting economic development in the County of Monroe. These related organizations include Community Capital of Monroe County, Inc.; Empire Zone of Monroe County, Inc.; Monroe County Development Corporation; Monroe County Industrial Development Corporation; and Greater Rochester Outdoor Sports Facility Corporation. COMIDA also works together with other organizations related to the County of Monroe to promote economic development.

Cash

Cash includes cash on hand, demand deposits, money market funds, and savings accounts.

Fee Income and PTAC Receivables

Fee income and PTAC receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. Generally accepted accounting principles require the use of the allowance method for recording bad debts. However, the use of the direct write-off method is not materially different from the results that would be obtained under the allowance method. Amounts for which no payments have been received for several months are considered delinquent and when customary collection efforts are exhausted, the account is written-off.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Assets purchased or acquired with a useful life exceeding one year are capitalized. Contributed fixed assets are recorded at fair value at the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs for repairs and maintenance are expensed as incurred. COMIDA depreciates assets on the straight-line basis over estimated useful lives ranging from 3 to 10 years.

Compensated Absences/Accrued Liabilities

Pursuant to resolutions of COMIDA's Board, COMIDA employees are entitled to accrue a limited number of days of unused sick and vacation time. Accrued sick and vacation time is based on the number of years of employment with COMIDA. An individual who leaves the employment of COMIDA may be paid for unused vacation time earned but not sick time. Unused sick and vacation time is recorded as a liability when earned.

Revenue Recognition

Revenue from fees earned on lease-leaseback transactions and taxable bond issues is equal to .50% of the project amount. For the various tax abatement programs, which provide tax incentives for organizations to increase jobs while using local labor on projects, an additional .25% fee is charged. The fee earned on tax-exempt bond issues is equal to 1% of the project amount. Fee income is recorded as revenue when the financing closes. Fee income received prior to closing is recorded as deferred revenue.

Program and Community Development Expenses

Program and community development expenses represent amounts committed to fund program and community development projects. Community development expenses are recognized when paid.

Income Taxes

COMIDA is a not-for-profit public benefit corporation and is exempt from income taxes under the Internal Revenue Code.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Policies

COMIDA follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conform with federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Executive Director.

COMIDA monies must be deposited in Federal Deposit Insurance Corporation (FDIC)-insured commercial banks or trust companies located within and authorized to do business in New York State. Permissible investments include certificates of deposit; obligations of the United States or of federal agencies whose principal and interest payments are fully guaranteed by the federal government or New York State; or in general obligations of the State's political subdivisions.

Collateral is required for deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are those identified in New York State General Municipal Law, Section 10 and outlined in the New York State Comptroller's Financial Management Guide.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. COMIDA does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

COMIDA'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. COMIDA's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Obligations of the United States of America;
- Obligations where payment of principal and interest are guaranteed by the United States of America;
- Obligations of the State of New York;
- Special time deposit accounts;
- Certificates of deposit.

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with COMIDA's investment and deposit policy, all deposits of COMIDA including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIA) shall be secured by a pledge of securities with an aggregate value equal to the aggregate amount of deposits. COMIDA restricts the securities to the following eligible items:

- Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation;
- Obligations partially insured or guaranteed by any agency of the United States of America;
- Obligations issued or fully insured or guaranteed by the State of New York;
- Obligations issued by a municipal corporation, school district or district corporation of New York State;
- Obligations issued by states (other than the State of New York) of the United States rated in one of the two highest rating categories by at least one Nationally Recognized Statistical Rating Organization (NRSRO).

Cash

At December 31, 2009 and 2008, COMIDA's cash was covered by FDIC insurance, or by eligible securities held in COMIDA's name by a third-party custodial bank or by the bank's trust department. COMIDA's deposits consisted of the following at December 31:

	<u>2009</u>		<u>2008</u>	
	<u>Bank Balance</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Demand deposits	<u>\$ 3,203,954</u>	<u>\$ 3,173,533</u>	<u>\$ 3,636,936</u>	<u>\$3,619,839</u>

These deposits were insured or collateralized as follows:

	<u>2009</u>	<u>2008</u>
FDIC insurance	\$ 895,390	\$ 502,023
Collateralized by third party	2,353,153	2,593,561
Collateralized by bank's trust department	<u>-</u>	<u>843,000</u>
Total FDIC insurance and collateral	<u>\$ 3,248,543</u>	<u>\$ 3,938,584</u>

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009 was as follows:

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31</u>
Capital assets being depreciated:				
Office equipment	\$ 23,140	\$ -	\$ -	\$ 23,140
Furniture and fixtures	<u>6,748</u>	<u>-</u>	<u>-</u>	<u>6,748</u>
Total capital assets being depreciated	<u>29,888</u>	<u>-</u>	<u>-</u>	<u>29,888</u>
Less accumulated depreciation for:				
Office equipment	(22,182)	(503)	-	(22,685)
Furniture and fixtures	<u>(4,605)</u>	<u>(1,204)</u>	<u>-</u>	<u>(5,809)</u>
Total accumulated depreciation	<u>(26,787)</u>	<u>(1,707)</u>	<u>-</u>	<u>(28,494)</u>
Capital assets, net	<u>\$ 3,101</u>	<u>\$ (1,707)</u>	<u>\$ -</u>	<u>\$ 1,394</u>

Capital asset activity for the year ended December 31, 2008 was as follows:

	<u>Balance January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31</u>
Capital assets being depreciated:				
Office equipment	\$ 32,196	\$ 829	\$ (9,885)	\$ 23,140
Furniture and fixtures	<u>6,748</u>	<u>-</u>	<u>-</u>	<u>6,748</u>
Total capital assets being depreciated	<u>38,944</u>	<u>829</u>	<u>(9,885)</u>	<u>29,888</u>
Less accumulated depreciation for:				
Office equipment	(29,737)	(2,330)	9,885	(22,182)
Furniture and fixtures	<u>(3,401)</u>	<u>(1,204)</u>	<u>-</u>	<u>(4,605)</u>
Total accumulated depreciation	<u>(33,138)</u>	<u>(3,534)</u>	<u>9,885</u>	<u>(26,787)</u>
Capital assets, net	<u>\$ 5,806</u>	<u>\$ (2,705)</u>	<u>\$ -</u>	<u>\$ 3,101</u>

5. PENSION PLAN

Plan Description

COMIDA participates in the New York State and Local Employees' Retirement System (ERS) and the Public Employees' Group Life Insurance Plan. These are cost-sharing multiple-employer public employee retirement systems. These systems provide retirement benefits, as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York serves as sole trustee and administrative head of the system. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the systems and for the custody and control of its funds. The systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, Gov. Alfred E. Smith, State Office Building, Albany, NY 12244.

Funding Policy

The system is noncontributory, except for employees who joined the New York State and Local Employees' Retirement System (the System) after July 27, 1976 who contribute 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

COMIDA is required to contribute at an actuarially determined rate. COMIDA contributed 100% of the required contributions for the current year and two preceding years as follows:

2009	\$	18,013
2008	\$	32,170
2007	\$	34,436

Chapter 49 of the Laws of 2003 of the State of New York was enacted, which made the following changes to the Systems:

- Requires minimum contributions by employers of 4.5% of payroll every year, including years in which the investment performance would make a lower contribution possible.
- Changes the cycle of annual billing such that the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1st (e.g. billings due February 2005 would be based on the pension value as of March 31, 2004).

Chapter 260 of the Laws of 2004 of the State of New York was enacted that allows local employers to bond or amortize a portion of their retirement bill for up to 10 years in accordance with this schedule:

- For State fiscal year (SFY) 2004-05, the amount in excess of 7.0% of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the bonding/amortization was instituted.
- For each SFY 2007-08 and 2006-07, the amount in excess of 10.5% of employees' covered pensionable salaries.
- For each SFY 2008-09, the amount in excess of 4.5% of employees' covered pensionable salaries.

5. PENSION PLAN (Continued)

Funding Policy (Continued)

The law requires participating employers to make payments on a current basis, while bonding or amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 2005 through 2009. COMIDA has paid this liability in full; therefore, there is no amortization recorded.

Change in Payment Due Date

Chapter 260 of the Laws of New York State changed the annual payment due date for employers who participate in the New York State and Local Employees' Retirement System. The December 15 payment due date changed to February 1. The covered salary period (April 1 - March 31) did not change for the calculation.

6. SECTION 457 DEFERRED COMPENSATION PLAN

Employees of COMIDA may elect to participate in the NYS Public Employees Deferred Compensation Plan (the Plan) created in accordance with Internal Revenue Code Section 457. The plan is available to all employees and permits the employee to defer a portion of his or her salary until future years, usually after retirement. COMIDA made no contributions to the plan in 2009 or 2008.

Benefits paid from the Plan consist of retirement benefits, certain hardship withdrawals and loans to participants as applicable. Participants should refer to the Plan's document for a complete description of the Plan's provisions.

7. PROCUREMENT TECHNICAL ASSISTANCE CENTER (PTAC)

Under its Procurement Technical Assistance Center (PTAC), COMIDA receives a grant from the United States Department of Defense and New York State. For the years ended December 31, 2009 and 2008, respectively, COMIDA recognized PTAC income of \$189,112 and \$186,616 and corresponding expenses recorded in accordance with their natural classifications in the accompanying statements of revenue, expenses, and change in net assets.

Since PTAC is funded on a reimbursement basis, COMIDA, as its parent organization, has had to advance funds to PTAC for its operations. At December 31, 2009 and 2008, PTAC owed COMIDA approximately \$100,000 and \$65,000, respectively.

8. COMMITMENTS

Community Development

COMIDA entered into a subscription agreement to invest \$1,000,000 in a private investment partnership established to fund private enterprises in the Monroe County area. In 2005, this commitment was assumed by a separate unrelated non-profit entity. COMIDA intends to provide funding of up to \$1,000,000 to the separate non-profit entity contingent upon COMIDA having funds available as determined on an annual basis. Through December 31, 2009 and 2008, respectively, cumulative funding of \$828,249 and \$744,266 has been provided.

8. COMMITMENTS (Continued)

Community Development (Continued)

In 2006, COMIDA entered into a three-year agreement to establish The Entrepreneurs Network (TEN) committing \$765,000, subject to annual renewal, to fund recurring six-month programs designed to optimize young entrepreneurs' exposure to, and interaction with, leading local and national entrepreneurial experts. The program offers TEN participants the opportunity to take their businesses to the next level in securing venture capital, forming strategic alliances, and defining market strategies. Through December 31, 2009 and 2008, cumulative funding of \$600,881 and \$468,939, respectively, has been provided. Management of the TEN program was taken over by another not-for-profit organization in 2010, and COMIDA has agreed to provide \$150,000 in funding to this organization in 2010.

In 2009, COMIDA entered into an agreement with a separate not-for-profit organization to promote local and economic development efforts. In 2009, amounts contributed to this organization were \$300,000. COMIDA has contracted with this organization to provide \$200,000 in 2010.

Community Development - Related Party

The Board of Directors of COMIDA has approved a resolution for funding for community development through another related entity, Monroe County Industrial Development Corporation. The funding is contingent upon COMIDA having the resources available as determined on an annual basis by the Board of Directors. In both 2009 and 2008, the Board of Directors approved \$100,000. Actual amounts funded in 2009 and 2008 were \$100,000.

Management Services - Related Party

Annually, COMIDA enters into an agreement with the County of Monroe for administrative support and facilities provided to COMIDA. The agreement required a payment in the amount of \$260,000 for 2009 and 2008. COMIDA expects to pay \$260,000 for these services in 2010.

9. RELATED PARTY

COMIDA is the sole corporate member of the Greater Rochester Outdoor Sports Facility Corporation (the Company), a New York corporation formed to acquire and operate real and personal property for the economic benefit of the people in the County of Monroe and Rochester, New York area. The primary activity of the Company is the operation of a sports stadium in Rochester, New York, known as Frontier Field which is used for the recreation, entertainment, amusement and benefit of the citizens of the County of Monroe. There were no amounts recognized in the 2009 or 2008 financial statements for transactions related to the Company.

10. LOAN CONTINGENCY

In 2009, COMIDA signed a restated mortgage note agreement with a bank as a guarantor with an unrelated not-for-profit corporation for a loan amount of \$1,211,160. This mortgage note bears interest at 5.75% until October 1, 2012, when interest is calculated at one-month LIBOR + 350 basis points through maturity on October 1, 2014. The unrelated not-for-profit corporation is required to repay the loan in monthly installments of approximately \$10,000 with a final balloon payment due at maturity. No amounts were accrued or recognized as part of this agreement in the financial statements as COMIDA is not the primary obligor.

11. SUBSEQUENT EVENT

In 2010, all IDA's were assessed a fee from the State of New York Department of Taxation and Finance pursuant to Public Authorities Law Section 2975 for administrative services. COMIDA was assessed approximately \$87,000. No amounts have been recognized in the financial statements related to this assessment.

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 4, 2010

To the Board of Directors of
County of Monroe Industrial Development Agency:

We have audited the financial statements of the business-type activities of County of Monroe Industrial Development Agency (COMIDA), as of and for the year ended December 31, 2009, which collectively comprise COMIDA's basic financial statements and have issued our report thereon dated March 4, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered COMIDA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of COMIDA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of COMIDA's internal control over financial reporting.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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(Continued)

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

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether COMIDA's financial statements are free of 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*.

We noted certain matters that we reported to management of COMIDA in a separate letter dated March 2010.

This report is intended solely for the information and use of the Board of Directors and management of COMIDA and is not intended to be and should not be used by anyone other than these specified parties.