

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

**Financial Statements as of
December 31, 2015 and 2014
Together with
Independent Auditor's Report**

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

TABLE OF CONTENTS

	<u>Page</u>	
INDEPENDENT AUDITOR'S REPORT	1 - 2	
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	3 - 6	
BASIC FINANCIAL STATEMENTS:		
Statements of Net Position	7	
Statements of Revenue, Expenses, and Change in Net Position	8	
Statements of Cash Flows.....	9	
Notes to Financial Statements	10 - 21	
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of Proportionate Share of Net Pension Liability (Asset).....	22	
Schedule of Contributions - Pension Plans	23	
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.....		24 - 25

INDEPENDENT AUDITOR'S REPORT

March 11, 2016

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

Report on the Financial Statements

We have audited the accompanying financial statements of the County of Monroe Industrial Development Agency (COMIDA), a discretely presented component unit of the County of Monroe, New York, as of and for the years ended December 31, 2015 and 2014 and the related notes to the financial statements, which collectively comprise COMIDA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of COMIDA, as of December 31, 2015 and 2014, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of local government contributions, and local government's proportionate share of the net pension liability be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 11, 2016 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 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 COMIDA's internal control over financial reporting and compliance.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

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, 2015 and 2014. The MD&A should be read in conjunction with COMIDA's financial statements and related notes, which follow the MD&A.

FINANCIAL HIGHLIGHTS

- The assets of COMIDA exceeded its liabilities at December 31, 2015 and 2014 by \$5,022,899 and \$3,997,798, respectively.
- COMIDA's net position increased by \$1,025,930 in 2015 and increased by \$989,387 in 2014 as a result of 2015 and 2014 operations.
- COMIDA's total revenues (operating and non-operating) were \$2,429,977 and \$2,248,798 in 2015 and 2014, respectively.
- COMIDA's total expenses were \$1,404,047 and \$1,259,411 in 2015 and 2014, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

The statements of net position and the statements of revenue, expenses, and change in net position 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 position and changes in them from one year to the next. COMIDA's net position, 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 position 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.

FINANCIAL HIGHLIGHTS

The analysis below summarizes the statements of net position (Table 1) and changes in net position (Table 2) of COMIDA as of and for the years ended December 31, 2015, 2014 and 2013.

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets:			
Current assets	\$ 3,649	\$ 4,014	\$ 3,022
Assets held for sale	1,369	-	-
Capital assets, net of accumulated depreciation	<u>2</u>	<u>2</u>	<u>1</u>
Total assets	<u>5,020</u>	<u>4,016</u>	<u>3,023</u>
Deferred outflows of resources:			
Pension related-ERS	<u>39</u>	-	-
Total deferred outflows of resources	<u>39</u>	-	-
Liabilities:			
Current liabilities	14	18	15
Long-term liabilities	<u>20</u>	-	-
Total liabilities	<u>34</u>	<u>18</u>	<u>15</u>
Deferred inflows of resources:			
Pension related-ERS	<u>2</u>	-	-
Total deferred inflows of resources	<u>2</u>	-	-
Net position:			
Net investment in capital assets	2	2	1
Unrestricted	<u>5,021</u>	<u>3,996</u>	<u>3,007</u>
Total net position	<u>\$ 5,023</u>	<u>\$ 3,998</u>	<u>\$ 3,008</u>

Assets held for sale increased by \$1.369 million in 2015 as COMIDA purchased land from the County of Monroe for that amount with the intention of redeveloping it for sale. Deferred outflows of resources were recorded in 2015 due to the change in accounting principle related to the recording of pensions.

Long-term liabilities were recorded in 2015 as a result of a net pension liability related to GASB 68 & 71 implementation, for COMIDA's proportionate share of the New York State Employees' Retirement System. Deferred inflows of resources were recorded in 2015 due to the change in accounting principle related to the recording of pensions.

Cash increased approximately \$1,000,000 in 2014 because of operating results for the year. Liabilities increased approximately \$3,000 due to the timing of a monthly payment at year end. Unrestricted net position, which is the result of these factors, increased approximately \$989,000 in 2014 and can be primarily attributed to a number of large projects closing in the current year.

FINANCIAL HIGHLIGHTS (Continued)

Table 2 shows the changes in net position for the years ended December 31, 2015, 2014 and 2013.

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues:			
Fee income	\$ 2,230	\$ 2,033	\$ 2,112
PTAC income	158	189	149
Contract reimbursement income	38	24	23
Land income	3	-	-
Interest income	<u>2</u>	<u>2</u>	<u>4</u>
Total revenues	<u>2,431</u>	<u>2,248</u>	<u>2,288</u>
Expenses:			
Program and community development	760	613	662
Salaries	241	255	246
Professional services	237	212	490
Payroll taxes and employee benefits	61	73	91
Rent	60	60	60
Travel, meetings and entertainment	14	17	14
Office supplies and postage	11	10	11
Advertising and promotion	7	9	35
Legal notices	6	4	8
Dues and subscriptions	4	2	3
Staff development	3	3	3
Depreciation	<u>1</u>	<u>1</u>	<u>1</u>
Total expenses	<u>1,405</u>	<u>1,259</u>	<u>1,624</u>
Change in net position	<u>\$ 1,026</u>	<u>\$ 989</u>	<u>\$ 664</u>

Fee income increased approximately \$197,000, or 10%, in 2015. This account is based on the number of projects which close in the year. 2015 saw an increase in the number of projects closed from 73 to 86. PTAC income decreased approximately \$31,000 as PTAC saw a decrease in their budget which reduced the DOD grant income. Contract reimbursement income increased approximately \$14,000 as COMIDA entered into a new contract in 2015 which increased the allowed reimbursable amount from \$30,000 to \$40,000.

Program and community development expenses increased due to new contributions that occurred during the year including to the Rochester City Schools for \$60,000, the Young Entrepreneurs Academy for \$25,000 and to High Tech Rochester for \$20,000.

Fee income decreased approximately \$79,000, or 4%, from 2013 to 2014. This account is based on the number of projects which close in the year. 2014 saw a decrease in projects which were closed. PTAC income increased approximately \$40,000 as PTAC saw an increase in their budget. Total expenses decreased approximately \$365,000, or 22%. This was due to a decrease in professional services because COMIDA did not renew a contract beginning in 2014.

FUTURE FACTORS

COMIDA staff will continue to promote IDA benefits to the community as well as prospective tenants as a means to level the playing field for expanding businesses in Monroe County. The IDA offers critical incentives to businesses to insure they expand and grow in New York State and Monroe County.

Since January 31, 2008, COMIDA's fee income has been reduced by the inability to issue civic facility bonds as a result of the enabling State legislation sunset provisions. COMIDA's mission since this time has remained committed to the economic development of the region and therefore has continued to fund these programs at historical amounts. The COMIDA Board feels it is important to support these important community and economic development projects. Each year, the Board and Management evaluate COMIDA's current cash position, projected cash inflows, and community and economic development projects to determine the best use of our economic development initiatives.

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 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 POSITION
DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 3,607,973	\$ 3,991,914
Fee income receivable	10,475	15,138
PTAC receivable	<u>31,385</u>	<u>6,486</u>
Total current assets	3,649,833	4,013,538
OTHER ASSETS:		
Assets held for sale	1,369,000	-
Capital assets, net	<u>1,613</u>	<u>1,939</u>
Total other assets	1,370,613	1,939
DEFERRED OUTFLOWS OF RESOURCES:		
Pension related-ERS	<u>38,860</u>	-
Total deferred outflows of resources	<u>38,860</u>	-
LIABILITIES		
CURRENT LIABILITIES:		
Accrued payroll and related expenses	<u>14,016</u>	<u>17,679</u>
Total current liabilities	14,016	17,679
LONG-TERM LIABILITIES:		
Net pension liability-ERS	<u>19,961</u>	-
Total long-term liabilities	19,961	-
DEFERRED INFLOWS OF RESOURCES		
Pension related-ERS	<u>2,430</u>	-
Total deferred inflows of resources	<u>2,430</u>	-
NET POSITION		
Net investment in capital assets	1,613	1,939
Unrestricted	<u>5,021,286</u>	<u>3,995,859</u>
Total net position	<u>\$ 5,022,899</u>	<u>\$ 3,997,798</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 POSITION
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
REVENUES:		
Fee income	\$ 2,230,239	\$ 2,033,385
PTAC income	<u>157,793</u>	<u>189,716</u>
Total revenues	<u>2,388,032</u>	<u>2,223,101</u>
PROGRAM AND COMMUNITY DEVELOPMENT EXPENSES:		
Community development	349,963	202,879
Community development - The Entrepreneurs Network	150,000	150,000
Community development - Greater Rochester Enterprise, Inc.	50,000	50,000
Program support	<u>210,000</u>	<u>210,000</u>
Total program and community development expenses	<u>759,963</u>	<u>612,879</u>
OPERATING EXPENSES:		
Salaries	240,676	255,631
Professional services	237,287	211,937
Payroll taxes and employee benefits	60,792	73,081
Rent	60,000	60,000
Travel, meetings and entertainment	14,058	17,503
Office supplies and postage	10,968	10,573
Advertising and promotion	6,816	8,573
Legal notices	5,832	3,726
Dues and subscriptions	4,045	1,795
Staff development	2,700	2,700
Depreciation	<u>910</u>	<u>1,013</u>
Total operating expenses	<u>644,084</u>	<u>646,532</u>
Total expenses	<u>1,404,047</u>	<u>1,259,411</u>
Operating income	<u>983,985</u>	<u>963,690</u>
NONOPERATING REVENUE:		
Contract reimbursement income	37,568	23,689
Land income	2,840	-
Interest income	<u>1,537</u>	<u>2,008</u>
Total nonoperating revenue	<u>41,945</u>	<u>25,697</u>
CHANGE IN NET POSITION	<u>1,025,930</u>	<u>989,387</u>
NET POSITION - beginning of year, as previously reported	3,997,798	3,008,411
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE (NOTE 3)	<u>(829)</u>	<u>-</u>
NET POSITION - beginning of year, as restated	<u>3,996,969</u>	<u>\$ 3,008,411</u>
NET POSITION - end of year	<u>\$ 5,022,899</u>	<u>\$ 3,997,798</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, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 2,367,796	\$ 2,231,177
Cash paid to employees for services	(322,429)	(282,401)
Cash paid to suppliers for goods and services	(341,706)	(360,501)
Cash paid for program and community development	<u>(759,963)</u>	<u>(612,879)</u>
Net cash flow from operating activities	<u>943,698</u>	<u>975,396</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES:		
Cash received from contract reimbursement income	<u>37,568</u>	<u>23,689</u>
Net cash flow from noncapital financing activities	<u>37,568</u>	<u>23,689</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchase of assets held for sale	(1,369,000)	
Purchases of capital assets	<u>(584)</u>	<u>(1,831)</u>
Net cash flow from capital and related financing activities	<u>(1,369,584)</u>	<u>(1,831)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Land income	2,840	-
Interest income	<u>1,537</u>	<u>2,008</u>
Net cash flow from investing activities	<u>4,377</u>	<u>2,008</u>
CHANGE IN CASH	(383,941)	999,262
CASH - beginning of year	<u>3,991,914</u>	<u>2,992,652</u>
CASH - end of year	<u><u>\$ 3,607,973</u></u>	<u><u>\$ 3,991,914</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Operating income	\$ 983,985	\$ 963,690
Adjustments to reconcile operating income to net cash flow from operating activities -		
Depreciation	910	1,013
Deferred inflows/outflows of resources	(36,430)	-
Changes in:		
Fee income receivable	4,663	14,562
PTAC receivable	(24,899)	(6,486)
Net pension liability - ERS	19,132	-
Accrued payroll and related expenses	<u>(3,663)</u>	<u>2,617</u>
Net cash flow from operating activities	<u><u>\$ 943,698</u></u>	<u><u>\$ 975,396</u></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, 2015 AND 2014**

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

COMIDA's financial statements are prepared in conformity with accounting principles generally accepted in the United States as set forth by the Governmental Accounting Standards Board (GASB) for proprietary funds.

Basis of Presentation

GASB requires the classification of net position into three classifications 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 net investment in capital assets. 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, 2015 and 2014, COMIDA has no restricted net position.
- Unrestricted net position - This component of net position consists of net position that does not meet the definition of "net investment in capital assets," or "restricted."

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

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 (local business) 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 back to the private-sector entity served by the bond issuance. COMIDA is not obligated in any manner for repayment of the bonds at any time. Accordingly, related property is not reported as assets, and 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, 2014, there were 38 series of Industrial Development Bonds outstanding with an approximate aggregate amount payable of approximately \$430 million. This information for 2015 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 Monroe County Industrial Development Corporation; Greater Rochester Outdoor Sports Facility Corporation; and Monroe County Sports Development 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.

Accounts Receivable

Accounts receivable 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 capital 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.

Assets held for sale

Assets held for sale is made up of assets purchased with the intention to sell in a future period. Assets held for sale are not capitalized as they will not be used by COMIDA for purposes other than to sell to another entity.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

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 vacation time is recorded as a liability when earned.

Revenue Recognition

Operating revenue consists of revenue from fees earned on lease-leaseback transactions and taxable bond issues which are 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, regardless of when the related cash is received. For projects receiving a sales tax letter, 25% of the fee is recognized as revenue when the sales tax letter is issued. Fee income received prior to closing is recorded as unearned revenue. COMIDA defines non-operating revenue as interest earnings.

Program and Community Development Expenses

Program and community development expenses represent amounts committed to fund program and community development projects as determined by the Board. Program and community development expenses are recognized when paid, as the board determinations, when made, are merely budgetary in nature. Actual payments are based on COMIDA operating results.

Income Taxes

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

COMIDA 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

COMIDA adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and GASB Statement No. 71*. Statement No. 68 and Statement No. 71 establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of Statement No. 68 and Statement No. 71, as well as for non-employer governments that have a legal obligation to contribute to those plans. Accordingly, Beginning Net Position and Net Pension Liability (Asset) on the Statement of Net Position were adjusted as noted in the following table:

	Statement of Net Position		
	Net Pension Liability	Deferred Outflows	Net Position
Balance at December 31, 2014, as previously reported	\$ -	\$ -	\$ 3,997,798
Restatement of beginning balance - Adoption of GASB Statements No. 68 and No. 71			
Contributions subsequent to measurement date	-	25,872	25,872
NYS Employees' Retirement System Plan	(26,701)	-	(26,701)
	<u>(26,701)</u>	<u>25,872</u>	<u>(829)</u>
Balance at December 31, 2014, as restated	\$ (26,701)	\$ 25,872	\$ 3,996,969

4. 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. Collateral is required for deposits and certificates of deposit not covered by FDIC insurance.

Interest Rate Risk

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

4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

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.

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 in the following manner:

- Pledge of eligible securities with an aggregate market value equal to the aggregate amount of deposits;
- Eligible irrevocable letter of credit issued by a qualified bank other than the bank with the deposits in favor of the government for a term not to exceed 90 days with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest, if any;
- Eligible surety bond payable to the government for an amount of at least equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims-paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations.

4. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

Cash

At December 31, 2015 and 2014, 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>2015</u>		<u>2014</u>	
	<u>Bank Balance</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Demand deposits	\$ 1,701,335	\$ 1,636,528	\$ 2,024,811	\$ 2,021,943
Time deposits	<u>1,971,570</u>	<u>1,971,445</u>	<u>1,970,096</u>	<u>1,969,971</u>
Total	<u>\$ 3,672,905</u>	<u>\$ 3,607,973</u>	<u>\$ 3,994,907</u>	<u>\$ 3,991,914</u>

These deposits were insured or collateralized as follows:

	<u>2015</u>	<u>2014</u>
FDIC insurance	\$ 500,000	\$ 500,000
Collateralized by third party	<u>3,236,632</u>	<u>3,564,805</u>
Total FDIC insurance and collateral	<u>\$ 3,736,632</u>	<u>\$ 4,064,805</u>

5. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 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	\$ 26,825	\$ -	\$ -	\$ 26,825
Furniture and fixtures	<u>7,724</u>	<u>584</u>	<u>-</u>	<u>8,308</u>
Total capital assets being depreciated	<u>34,549</u>	<u>584</u>	<u>-</u>	<u>35,133</u>
Less accumulated depreciation for:				
Office equipment	(25,463)	(621)	-	(26,084)
Furniture and fixtures	<u>(7,147)</u>	<u>(289)</u>	<u>-</u>	<u>(7,436)</u>
Total accumulated depreciation	<u>(32,610)</u>	<u>(910)</u>	<u>-</u>	<u>(33,520)</u>
Capital assets, net	<u>\$ 1,939</u>	<u>\$ (326)</u>	<u>\$ -</u>	<u>\$ 1,613</u>

5. CAPITAL ASSETS (Continued)

Capital asset activity for the year ended December 31, 2014 was as follows:

	<u>Balance</u> <u>January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31</u>
Capital assets being depreciated:				
Office equipment	\$ 25,860	\$ 965	\$ -	\$ 26,825
Furniture and fixtures	<u>6,858</u>	<u>866</u>	<u>-</u>	<u>7,724</u>
Total capital assets being depreciated	<u>32,718</u>	<u>1,831</u>	<u>-</u>	<u>34,549</u>
Less accumulated depreciation for:				
Office equipment	(24,775)	(688)	-	(25,463)
Furniture and fixtures	<u>(6,822)</u>	<u>(325)</u>	<u>-</u>	<u>(7,147)</u>
Total accumulated depreciation	<u>(31,597)</u>	<u>(1,013)</u>	<u>-</u>	<u>(32,610)</u>
Capital assets, net	<u>\$ 1,121</u>	<u>\$ 818</u>	<u>\$ -</u>	<u>\$ 1,939</u>

6. ASSETS HELD FOR SALE

On January 30, 2015 COMIDA purchased 130.29 acres of land from Monroe County for \$1,369,000. The purchase amount was the appraised value of the land at September 29, 2014 as a result of a third party appraisal. COMIDA purchased this land with the intent to redevelop the property to maximize its positive attributes in order to sell the property.

7. PENSION PLAN

New York State Employees' Retirement System (NYSERS)

COMIDA participates in the New York State and Local Employees' Retirement System (ERS) also referred to as New York State and Local Retirement System (the NYSERS). This is a cost-sharing multiple-employer retirement system, providing retirement benefits as well as death and disability benefits. The net position of the NYSERS is held in the New York State Common Retirement Fund (the Fund), established to hold all net position and record changes in plan net position allocated to the NYSERS. The NYSERS benefits are established under the provisions of the New York State Retirement and Social Security Law (NYS RSSL). Once an employer elects to participate in the NYSERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. COMIDA also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The system is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

7. PENSION PLAN (Continued)

New York State Employees' Retirement System (NYSERS) (Continued)

Contributions

The NYSERS is noncontributory except for employees who joined the NYSERS after July 27th, 1976, who contribute 3.0% percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% percent of their salary for their entire length of service. Under the authority of the NYSSRL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the NYSERS' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2015	\$	34,754
2014	\$	25,872
2013	\$	48,735

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At December 31, 2015, COMIDA reported a net pension liability of \$19,961 for its proportionate share of the NYSERS net pension liability. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. COMIDA's proportion of the net pension liability was based on a projection of COMIDA's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2015, COMIDA's proportion was .0005909%, which was an increase of 0% from its proportion at share measured at December 31, 2014.

For the year ended December 31, 2015, COMIDA recognized pension expense of \$16,659. At December 31, 2015, COMIDA reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 639	\$ -
Net difference between projected and actual earnings on pension plan investments	3,467	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	-	2,430
Contributions subsequent to the measurement date	<u>34,754</u>	<u>-</u>
Total	<u>\$ 38,860</u>	<u>\$ 2,430</u>

7. PENSION PLAN (Continued)

New York State Employees' Retirement System (NYSERS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended March 31:

2016	\$	419
2017		419
2018		419
2019		419
2020		-
Thereafter		-
		<u>\$ 1,676</u>

COMIDA recognized \$34,754 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2015 which will be recognized a reduction of the net pension liability in the year ended December 31, 2016.

Actuarial Assumptions

The total pension liability at March 31, 2015 was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liability to March 31, 2015. The total pension liability for the March 31, 2014 measurement date was determined by using an actuarial valuation as of April 1, 2014.

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.70%
Salary scale	4.9% indexed by service
Projected COLAs	1.4% compounded annually
Decrement	Developed from the Plan's 2010 experience study of the period April 1, 2005 through March 31, 2010
Mortality improvement	Society of Actuaries Scale MP-2014
Investment Rate of Return	7.5% compounded annually, net of investment expenses

Long-term Rate of Return

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance.

7. PENSION PLAN (Continued)

New York State Employees' Retirement System (NYSERS) (Continued)

Long-term Rate of Return (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 are summarized below:

Asset Type	Target Allocations in %	Long-Term expected real rate of return in %
Domestic Equity	38	7.30
International Equity	13	8.55
Private Equity	10	11.00
Real Estate	8	8.25
Absolute Return	3	6.75
Opportunistic Portfolio	3	8.60
Real Asset	3	8.65
Bonds & Mortgages	18	4.00
Cash	2	2.25
Inflation-Indexed Bonds	2	4.00
	<u>100%</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents COMIDA's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what COMIDA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) or 1% higher (8.5%) than the current rate:

	1% Decrease <u>6.50%</u>	Current Discount <u>7.50%</u>	1% Increase <u>8.50%</u>
Proportionate Share of Net Pension liability (asset)	\$ 133,052	\$ 19,961	\$ (75,515)

Pension Plan Fiduciary Net Position (000's)

The components of the current-year net pension liability of the employers as of March 31, 2015 were as follows:

Total pension liability	\$ 164,591,504
Net position	<u>(161,213,259)</u>
Net pension liability (asset)	\$ <u>3,378,245</u>
ERS net position as a percentage of total pension liability	97.90%

8. 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. At December 31, 2015 and 2014, the value of the Plan was \$152,385 and \$134,724, respectively.

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. That report may be obtained by writing to the New York State Deferred Compensation Plan, 110 State Street, Albany, NY 12244.

9. MONROE COUNTY FINGER LAKES PROCUREMENT TECHNICAL ASSISTANCE CENTER (PTAC)

Under its Monroe County Finger Lakes Procurement Technical Assistance Center (PTAC), COMIDA, as the host agency for PTAC, receives grants from the United States Department of Defense and Monroe County. For the years ended December 31, 2015 and 2014, respectively, COMIDA recognized PTAC income of \$157,793 and \$189,716 and corresponding expenses recorded in accordance with their natural classifications in the accompanying statements of revenue, expenses, and change in net position.

10. COMMITMENTS

Community Development

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, cumulative funding of \$600,881 had been provided. Management of the TEN program was taken over by another not-for-profit organization in 2010, and COMIDA provided \$150,000 in funding to this organization in 2015 and 2014. COMIDA expects to contribute \$150,000 to TEN in 2016.

In 2009, COMIDA entered into an agreement with a separate non-profit organization to promote local and economic development efforts. In 2015 and 2014, amounts contributed to this organization were \$50,000. COMIDA expects to contribute \$50,000 to this organization in 2015.

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 \$270,000 for both 2015 and 2014, respectively. COMIDA expects to pay \$270,000 for these services in 2016.

11. RELATED PARTIES

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 2015 or 2014 financial statements for transactions related to the Company.

In 2015, COMIDA entered into a contract with the Monroe County Industrial Development Corporation (the Corporation), which states that the Corporation will reimburse COMIDA for the cost of certain professional services. The contract states that the Corporation will not reimburse COMIDA more than \$40,000 each year for the next three years. For the year ended December 31, 2015 and 2014, the Corporation paid approximately \$37,500 and \$24,000, respectively to COMIDA under the terms of this agreement.

12. ACCOUNTING PRONOUNCEMENTS ISSUED NOT YET IMPLEMENTED

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. The objective of this Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. COMIDA is required to adopt the provisions of this Statement for the year ending December 31, 2016.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* which supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, paragraphs 64, 74, and 82. Statement No. 76 reduces the number of categories of authoritative generally accepted accounting principles (GAAP) hierarchy and the framework for selecting those principles to two categories. The primary category "Category A" will consist of officially established GASB Statements and GASB Interpretations heretofore issued and currently in effect. The second category "Category B" will consist of GASB Technical Bulletins, GASB Implementation Guides when presented in the form of a *Comprehensive Implementation Guide*, and literature of the AICPA cleared by the GASB. The goal of Statement No. 76 is to help governments apply financial reporting guidance with less variability, therefore improving usefulness and comparability of financial statement information among state and local governments. COMIDA is required to adopt the provisions of Statement No. 76 for the year ending December 31, 2016, and should be adopted retroactively, with early adoption permitted.

COMIDA has not assessed the impact of these statements on its future financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN										
Proportion of the net pension liability (asset)	0.001%									
Proportionate share of the net pension liability (asset)	\$20									
Covered-employee payroll	\$180									
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	11.11%									
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.90%									

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

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

SCHEDULE OF CONTRIBUTIONS - PENSION PLANS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN										
Contractually required contribution	\$ 26									
Contributions in relation to the contractually required contribution	<u>26</u>									
Contribution deficiency (excess)	<u>\$ -</u>									
Covered-employee payroll	\$180									
Contributions as a percentage of covered-employee payroll	14.44%									

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

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 11, 2016

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the County of Monroe Industrial Development Agency (COMIDA), a discretely presented component unit of the County of Monroe, New York, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise COMIDA's basic financial statements, and have issued our report thereon dated March 11, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered COMIDA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of COMIDA's internal control. Accordingly, we do not express an opinion on the effectiveness of COMIDA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

171 Sully's Trail, Suite 201
Pittsford, New York 14534
p (585) 381-1000
f (585) 381-3131

www.bonadio.com

(Continued)

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*

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether COMIDA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.