

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

**Financial Statements as of  
December 31, 2008 and 2007  
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**

April 9, 2009

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 (the Agency), 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, 2008 and 2007, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Agency. 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 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 the Agency as of December 31, 2008 and 2007, 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 April 9, 2009, on our consideration of the Agency'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 important for 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.

*Bonadio & Co. LLP*



**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, 2008 AND 2007**

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The following Management's Discussion and Analysis (MD&A) of the County of Monroe Industrial Development Agency's (the Agency) financial position provides an overview of the Agency's financial activities for the years ended December 31, 2008 and 2007. The MD&A should be read in conjunction with the Agency's financial statements and related notes, which follow the MD&A.

**FINANCIAL HIGHLIGHTS**

- The Agency's net assets increased by \$403,010 and \$1,071,609 as a result of 2008 and 2007 operations, respectively.
- The Agency's total revenues were \$1,836,445 and \$2,960,431 in 2008 and 2007, respectively.
- The Agency's total expenses were \$1,433,435 and \$1,888,822 in 2008 and 2007, respectively.
- The assets of the Agency exceeded its liabilities at December 31, 2008 and 2007, by \$3,694,648 and \$3,291,638, 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 the Agency 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 the Agency's net assets and changes in them from one year to the next. The Agency's net assets, the difference between assets and liabilities, are one way to measure the Agency's financial health, or financial position. Over time, increases or decreases in the Agency'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 the Agency's fee income and the fluctuation of the Agency's expenses, to assess the overall health of the Agency.

**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.

## THE AGENCY

The analysis below summarizes the statements of net assets (Table 1) and changes in net assets (Table 2) of the Agency as of and for the years ended December 31, 2008, 2007, and 2006.

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Assets:			
Current assets	\$ 3,759	\$ 4,150	\$ 3,269
Capital assets, net of accumulated depreciation	<u>3</u>	<u>6</u>	<u>11</u>
Total assets	<u>\$ 3,762</u>	<u>\$ 4,156</u>	<u>\$ 3,280</u>
Liabilities:			
Current liabilities	\$ 67	\$ 864	\$ 1,060
Total liabilities	<u>\$ 67</u>	<u>\$ 864</u>	<u>\$ 1,060</u>
Net assets:			
Invested in capital assets	\$ 3	\$ 6	\$ 11
Unrestricted	<u>3,692</u>	<u>3,286</u>	<u>2,209</u>
Total net assets	<u>\$ 3,695</u>	<u>\$ 3,292</u>	<u>\$ 2,220</u>

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.

Cash increased \$1.3 million in 2007 as a result of collecting accrued fees outstanding of \$459,000 at December 31, 2006 and the volume of transactions in 2007. Total liabilities decreased \$200,000 from 2006 as a result of less obligations remaining unpaid at year-end. Unrestricted net assets increased approximately \$1,077,000 in 2007 as a result of favorable volume trends in projects for 2007.



## THE AGENCY (Continued)

Table 2 shows the changes in net assets for the years ended December 31, 2008, 2007, and 2006.

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

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Revenues:			
Fee income	\$ 1,575	\$ 2,697	\$ 2,060
PTAC income	187	124	-
Interest income	<u>75</u>	<u>140</u>	<u>107</u>
Total revenues	<u>1,837</u>	<u>2,961</u>	<u>2,167</u>
Expenses:			
Program and community development	481	830	1,071
Professional services	347	462	454
Salaries	352	352	285
Payroll taxes and employee benefits	97	81	78
Rent	60	60	60
Office supplies and postage	13	30	30
Advertising and promotion	37	22	24
Travel, meetings and entertainment	21	21	24
Legal notices	8	11	9
Dues and subscriptions	3	10	33
Depreciation	4	6	5
Outside services	<u>11</u>	<u>4</u>	<u>8</u>
Total expenses	<u>1,434</u>	<u>1,889</u>	<u>2,081</u>
Change in net assets	<u>\$ 403</u>	<u>\$ 1,072</u>	<u>\$ 86</u>

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 the Agency hosting PTAC compared to only part of a year in 2007.

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

Fee income increased significantly in 2007, up \$637,000, or 31%, over 2006 levels. The increase is a combination of an increase in the number of projects and the size of projects undertaken. Projects such as Spencerport Plaza, Bersin Properties refinancing, IBM sales tax exemption, and Riverview Equity - U of R student housing were significant revenue sources.

In 2007, the Rochester Procurement Technical Assistance Center (PTAC) was transferred to the Agency from Rochester Business Alliance. PTAC is fully funded through grants from the U.S. Department of Defense and NYS. Expenses associated with this program such as salaries, benefits, and supplies increased in 2007 as well.

In 2007, the level of program and community development was down from the 2006 levels. Much of this has to do with the timing of events and the resulting support. The 3-year average for this support is approximately \$900,000.

## **CONTACTING THE AGENCY'S ADMINISTRATION**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the Agency'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, 2008 AND 2007**

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	<u>2008</u>	<u>2007</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 3,619,839	\$ 4,036,348
Fee income receivable	35,376	14,184
PTAC receivable	103,551	93,905
Prepaid expenses	<u>-</u>	<u>5,602</u>
Total current assets	3,758,766	4,150,039
<b>CAPITAL ASSETS, net</b>	<u>3,101</u>	<u>5,806</u>
Total assets	<u>\$ 3,761,867</u>	<u>\$ 4,155,845</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 31,089	\$ 30,500
Accrued payroll and related expenses	36,130	39,127
Accrued program and community development expenses	<u>-</u>	<u>794,580</u>
Total current liabilities	<u>\$ 67,219</u>	<u>\$ 864,207</u>
<b>NET ASSETS</b>		
Invested in capital assets	\$ 3,101	\$ 5,806
Unrestricted	<u>3,691,547</u>	<u>3,285,832</u>
Total net assets	<u>\$ 3,694,648</u>	<u>\$ 3,291,638</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, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
REVENUES:		
Fee income	\$ 1,574,967	\$ 2,696,823
PTAC income	<u>186,616</u>	<u>123,757</u>
Total revenues	<u>1,761,583</u>	<u>2,820,580</u>
OPERATING EXPENSES:		
Salaries	352,280	352,211
Professional services	346,678	461,765
Payroll taxes and employee benefits	96,722	81,161
Rent	60,000	60,000
Advertising and promotion	37,464	22,023
Travel, meetings and entertainment	20,959	20,875
Office supplies and postage	12,982	29,726
Outside services	10,691	3,959
Legal notices	8,471	11,365
Depreciation	3,534	5,604
Dues and subscriptions	2,525	9,555
Miscellaneous	<u>-</u>	<u>316</u>
Total operating expenses	<u>952,306</u>	<u>1,058,560</u>
PROGRAM AND COMMUNITY DEVELOPMENT EXPENSES:		
Program support	200,000	239,000
Community development	<u>281,129</u>	<u>591,262</u>
Total program and community development expenses	<u>481,129</u>	<u>830,262</u>
Total expenses	<u>1,433,435</u>	<u>1,888,822</u>
Operating income	<u>328,148</u>	<u>931,758</u>
NONOPERATING REVENUE:		
Interest income	<u>74,862</u>	<u>139,851</u>
Total nonoperating revenue	<u>74,862</u>	<u>139,851</u>
CHANGE IN NET ASSETS	403,010	1,071,609
NET ASSETS - beginning of year	<u>3,291,638</u>	<u>2,220,029</u>
NET ASSETS - end of year	<u>\$ 3,694,648</u>	<u>\$ 3,291,638</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, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Cash received from customers	\$ 1,730,745	\$ 3,171,548
Cash paid to employees for services	(451,999)	(441,947)
Cash paid to suppliers for goods and services	(493,579)	(647,783)
Cash paid for program and community development	<u>(1,275,709)</u>	<u>(980,262)</u>
Net cash flow from operating activities	<u>(490,542)</u>	<u>1,101,556</u>
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchases of capital assets	<u>(829)</u>	<u>-</u>
Net cash flow from capital and related financing activities	<u>(829)</u>	<u>-</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Interest income	<u>74,862</u>	<u>139,851</u>
Net cash flow from investing activities	<u>74,862</u>	<u>139,851</u>
<b>CHANGE IN CASH</b>	<b>(416,509)</b>	<b>1,241,407</b>
<b>CASH - beginning of year</b>	<b><u>4,036,348</u></b>	<b><u>2,794,941</u></b>
<b>CASH - end of year</b>	<b><u>\$ 3,619,839</u></b>	<b><u>\$ 4,036,348</u></b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Operating income	\$ 328,148	\$ 931,758
Adjustments to reconcile operating income to net cash flow from operating activities -		
Depreciation	3,534	5,604
Changes in:		
Fee income receivable	(21,192)	444,873
PTAC receivable	(9,646)	(93,905)
Prepaid expenses	5,602	9,450
Accounts payable	589	(37,649)
Accrued payroll and related expenses	(2,997)	(8,575)
Accrued program and community development expenses	<u>(794,580)</u>	<u>(150,000)</u>
Net cash flow from operating activities	<u>\$ (490,542)</u>	<u>\$ 1,101,556</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, 2008 AND 2007**

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**1. THE AGENCY**

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. The Agency'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 and is a New York State not-for-profit public benefit corporation.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying basic financial statements of COMIDA have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard setting body for establishing governmental accounting and financial reporting principles. COMIDA is engaged only in business-type activities as defined in GASB Statement No. 34. In compliance with Governmental Accounting Standards Board (GASB) Statement No. 20, COMIDA applies all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions, issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. All of COMIDA's services are classified as proprietary activities.

**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, 2008 and 2007, 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 enter 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, 2007 there were 106 series of Industrial Development Bonds outstanding with an approximate aggregate amount payable of \$551 million. This information for 2008 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, New York to promote economic development in the County.

### **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 Jobs Plus 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. In 2007, funds committed for community development were recorded as a liability when authorized by the Board of Directors of COMIDA. Beginning in 2008, community development expenses are being recognized when paid, as the approval by the Board does not obligate COMIDA to fund the allotted amount.

### **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 and obligations of the United States or of federal agencies whose principal and interest payments are fully guaranteed by the federal government, or of 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, 2008 and 2007, 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>2008</u>		<u>2007</u>	
	<u>Bank Balance</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Demand deposits	<u>\$ 3,636,936</u>	<u>\$ 3,619,839</u>	<u>\$ 4,047,354</u>	<u>\$ 4,036,348</u>

These deposits were insured or collateralized as follows:

	<u>2008</u>	<u>2007</u>
FDIC insurance	\$ 502,023	\$ 218,972
Collateralized by third party	2,593,561	2,683,439
Collateralized by bank's trust department	<u>843,000</u>	<u>1,906,997</u>
Total FDIC insurance and collateral	<u>\$ 3,938,584</u>	<u>\$ 4,809,408</u>



#### 4. CAPITAL ASSETS

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

	Balance January 1	Additions	Deletions	Balance December 31
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>

Capital asset activity for the year ended December 31, 2007 was as follows:

	Balance January 1	Additions	Deletions	Balance December 31
Capital assets being depreciated:				
Office equipment	\$ 32,196	\$ -	\$ -	\$ 32,196
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>-</u>	<u>-</u>	<u>38,944</u>
Less accumulated depreciation for:				
Office equipment	(25,379)	(4,358)	-	(29,737)
Furniture and fixtures	<u>(2,155)</u>	<u>(1,246)</u>	<u>-</u>	<u>(3,401)</u>
Total accumulated depreciation	<u>(27,534)</u>	<u>(5,604)</u>	<u>-</u>	<u>(33,138)</u>
Capital assets, net	<u>\$ 11,410</u>	<u>\$ (5,604)</u>	<u>\$ -</u>	<u>\$ 5,806</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:

2008	\$	32,170
2007	\$	25,204
2006	\$	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.

## **5. PENSION PLAN (Continued)**

### **Funding Policy (Continued)**

- For SFY 2006-07, the amount in excess of 10.5% of employees' covered pensionable salaries.
- For SFY 2007-08, the amount in excess of 10.5% of employees' covered pensionable salaries.

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 2008. 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 2008 or 2007.

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, 2008 and 2007, COMIDA recognized PTAC income of \$186,616 and \$123,757 and corresponding expenses recorded in accordance with their natural classifications in the accompanying statements of revenue, expenses, and change in net assets.

## **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, 2008 and 2007, respectively, cumulative funding of \$744,266 and \$611,695 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 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, 2008 and 2007, cumulative funding of \$468,939 and \$302,831, respectively, has been provided.

### **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 2008 and 2007, the Board of Directors approved \$100,000. Actual amounts funded in 2008 and 2007 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 2007 and 2008. COMIDA expects to pay \$260,000 for these services in 2009.



**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**

April 9, 2009

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 (the Agency), as of and for the years ended December 31, 2008, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated April 9, 2009. 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 the Agency'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 the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

(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 the Agency'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*.

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

*Bonadio & Co. LLP*