

**COUNTY OF MONROE  
INDUSTRIAL DEVELOPMENT AGENCY  
(A COMPONENT UNIT OF  
THE COUNTY OF MONROE, NEW YORK)**

**Financial Statements as of  
December 31, 2006 and 2005  
Together with  
Independent Auditors' Report**

**COUNTY OF MONROE INDUSTRIAL DEVELOPMENT AGENCY  
(A COMPONENT UNIT OF THE COUNTY OF MONROE, NEW YORK)**

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## INDEPENDENT AUDITORS' REPORT

May 26, 2007

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 (a New York public benefit corporation and a component unit of the County of Monroe, New York) (the Agency) as of and for the year ended December 31, 2006, which collectively comprise the basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit 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 County of Monroe Industrial Development Agency as of December 31, 2006 and 2005, and its change in financial position and its cash flows for the year 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 May 26, 2007 on our consideration of the County of Monroe Industrial Development Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Corporate Crossings  
171 Sully's Trail  
Pittsford, NY 14534-4557  
p (585) 381-1000  
f (585) 381-3131

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## INDEPENDENT AUDITORS' REPORT

(Continued)

The management's discussion and analysis on pages 3 to 5 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 COMPONENT UNIT OF THE COUNTY OF MONROE, NEW YORK)**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

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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, 2006 and 2005. 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 \$86,295 as a result of 2006 operations.
- The Agency's total revenues were \$2,167,233.
- The Agency's total expenses were \$2,080,938.
- The assets of the Agency exceeded its liabilities at December 31, 2006, by \$2,220,029.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The statements of net assets and the statements of activities 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, 2006 and 2005.

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

	<u>2006</u>	<u>2005</u>
Assets -		
Current assets	\$ 3,269	\$ 2,976
Capital assets, net of accumulated depreciation	<u>11</u>	<u>15</u>
Total assets	<u>\$ 3,280</u>	<u>\$ 2,991</u>
Liabilities -		
Current liabilities	<u>\$ 1,060</u>	<u>\$ 858</u>
Total liabilities	<u>1,060</u>	<u>858</u>
Net assets -		
Invested in capital assets	11	15
Unrestricted	<u>2,209</u>	<u>2,118</u>
Total net assets	<u>2,220</u>	<u>2,133</u>
Total liabilities and net assets	<u>\$ 3,280</u>	<u>\$ 2,991</u>

Cash decreased as a result of operations of the Agency in 2006, net of changes in working capital items. Current liabilities increased primarily as an increase in accrued community development expenses. Unrestricted net assets increased by approximately \$87,000 at December 31, 2006 as a result of the activities of the Agency in 2006 as summarized in Table 2.

## THE AGENCY (Continued)

Table 2 shows the changes in net assets for the years ended December 31, 2006 and 2005.

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

	<u>2006</u>	<u>2005</u>
Revenues:		
Fee income	\$ 2,060	\$ 2,336
Grant revenue	-	1,786
Interest income	<u>107</u>	<u>55</u>
Total revenues	<u>2,167</u>	<u>4,177</u>
Expenses:		
Professional services	454	380
Salaries	240	220
Advertising and promotion	24	57
Payroll taxes and employee benefits	78	70
Travel, meetings, and entertainment	24	23
Legal notices	8	8
Office supplies and postage	14	9
Rent	13	13
Dues and subscriptions	33	17
Outside services	9	6
Depreciation	5	5
Grant	-	1,786
Program and community development	<u>1,178</u>	<u>883</u>
Total expenses	<u>2,080</u>	<u>3,477</u>
Change in net assets	<u>\$ 87</u>	<u>\$ 700</u>

Fee income decreased by \$276,000 (12%) in 2006 due to decrease in projects funded through the Agency. Grant revenues varies based on grants applied for and received in each year. The Agency received a grant from the New York State Department of Transportation (NYSDOT) in 2005 to fund infrastructure improvements at Rochester Technology Park and had no grants in 2006.

Professional services increased primarily due to a one-year contract with an individual which provided for payment of \$74,000 plus expenses for assistance with economic development issues.

Salaries increased due to additional staffing required to handle additional volume and activities of the Agency.

## 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 Acting Executive Director, Judy Seil, at 50 West Main Street, Suite 8100, Rochester, New York, 14614.

**COUNTY OF MONROE INDUSTRIAL DEVELOPMENT AGENCY  
(A COMPONENT UNIT OF THE COUNTY OF MONROE, NEW YORK)**

**STATEMENTS OF NET ASSETS  
DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash, cash equivalents and investments	\$ 2,794,941	\$ 2,866,292
Fee income receivable	459,057	90,000
Prepaid expenses	<u>15,052</u>	<u>19,628</u>
Total current assets	<u>3,269,050</u>	<u>2,975,920</u>
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION:		
Office equipment, net	6,817	11,021
Furniture and fixtures, net	<u>4,593</u>	<u>4,534</u>
Total capital assets, net of accumulated depreciation	<u>11,410</u>	<u>15,555</u>
Total assets	<u>\$ 3,280,460</u>	<u>\$ 2,991,475</u>
<b>LIABILITIES</b>		
CURRENT LIABILITIES:		
Accounts payable	\$ 68,149	\$ 23,135
Accrued payroll and related expenses	36,862	34,606
Accrued program and community development expenses	<u>955,420</u>	<u>800,000</u>
Total current liabilities	<u>1,060,431</u>	<u>857,741</u>
<b>NET ASSETS</b>		
Invested in capital assets	11,410	15,555
Unrestricted	<u>2,208,619</u>	<u>2,118,179</u>
Total net assets	<u>2,220,029</u>	<u>2,133,734</u>
Total liabilities and net assets	<u>\$ 3,280,460</u>	<u>\$ 2,991,475</u>

The accompanying notes are an integral part of these statements.

**COUNTY OF MONROE INDUSTRIAL DEVELOPMENT AGENCY  
(A COMPONENT UNIT OF THE COUNTY OF MONROE, NEW YORK)**

**STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
REVENUES:		
Fee income	\$ 2,060,015	\$ 2,335,800
Grant revenues	-	1,786,075
Interest income	<u>107,218</u>	<u>55,788</u>
Total revenues	<u>2,167,233</u>	<u>4,177,663</u>
OPERATING EXPENSES:		
Professional services	454,356	379,999
Salaries	240,114	219,672
Payroll taxes and employee benefits	77,589	70,010
Dues and subscriptions	32,515	17,648
Travel, meetings and entertainment	24,408	22,854
Advertising and promotion	23,529	57,533
Office supplies and postage	14,421	8,536
Rent	13,000	13,000
Legal notices	8,452	7,883
Outside services	7,816	5,657
Depreciation	<u>5,301</u>	<u>5,502</u>
Total operating expenses	<u>901,501</u>	<u>808,294</u>
GRANT, PROGRAM AND COMMUNITY DEVELOPMENT EXPENSES:		
Grant	-	1,786,075
Program and community development	<u>1,179,437</u>	<u>883,432</u>
Total grant, program and community development expenses	<u>1,179,437</u>	<u>2,669,507</u>
Total expenses	<u>2,080,938</u>	<u>3,477,801</u>
CHANGE IN NET ASSETS	86,295	699,862
NET ASSETS - beginning of year	<u>2,133,734</u>	<u>1,433,872</u>
NET ASSETS - end of year	<u>\$ 2,220,029</u>	<u>\$ 2,133,734</u>

The accompanying notes are an integral part of these statements.

**COUNTY OF MONROE INDUSTRIAL DEVELOPMENT AGENCY  
(A COMPONENT UNIT OF THE COUNTY OF MONROE, NEW YORK)**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

	<u>2006</u>	<u>2005</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 86,295	\$ 699,862
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	5,301	5,502
Changes in:		
Fee income receivable	(369,057)	(90,000)
Prepaid expenses	4,576	2,263
Accounts payable	45,014	(42,105)
Accrued payroll and related expenses	2,256	423
Accrued program and community development expenses	<u>155,420</u>	<u>(319,000)</u>
Net cash flow from operating activities	<u>(70,195)</u>	<u>256,945</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>(1,156)</u>	<u>(7,145)</u>
Net cash flow from investing activities	<u>(1,156)</u>	<u>(7,145)</u>
CHANGE IN CASH, CASH EQUIVALENTS AND INVESTMENTS	(71,351)	249,800
CASH, CASH EQUIVALENTS AND INVESTMENTS - beginning of year	<u>2,866,292</u>	<u>2,616,492</u>
CASH, CASH EQUIVALENTS AND INVESTMENTS - end of year	<u>\$ 2,794,941</u>	<u>\$ 2,866,292</u>

The accompanying notes are an integral part of these statements.

**COUNTY OF MONROE INDUSTRIAL DEVELOPMENT AGENCY  
(A COMPONENT UNIT OF THE COUNTY OF MONROE, NEW YORK)**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2006**

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

**Nature of Activities**

COMIDA administers programs, which 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, 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 financing for qualifying projects.

COMIDA does not have equitable title to any property financed and all rights under lease agreements are assigned to the creditors. Financing authorized or issued by COMIDA is payable solely from the revenues and other assets pledged as collateral against the bonds. COMIDA records neither an asset nor a liability in its financial statements as a result of these transactions.

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.

**Related Parties**

COMIDA is related through common managerial and operational personnel and common Board of Director 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **Basis of Accounting**

The financial statements of the County of Monroe Industrial Development Agency have been prepared in conformity with accounting principles generally accepted in the United States (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict or contradict GASB pronouncements. The more significant accounting policies used by the Agency are described below.

### **Government-Wide Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of when the related cash transaction takes place.

COMIDA's basic financial statements include government-wide activities, reporting COMIDA as a whole. The government-wide financial statements categorize primary activities as either governmental or proprietary type. All of the COMIDA's services are classified as proprietary activities.

In the government-wide statement of net assets, the governmental activities are reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables. COMIDA's net assets are reported in two parts - invested in capital assets and unrestricted.

The government-wide statement of activities reports the revenue and expenses of COMIDA.

### **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, demand deposits, money market funds, and certificates of deposit with remaining maturities less than three months from acquisition date.

### **Investments**

Investments consist of certificates of deposit with remaining maturities greater than three months from acquisition date.

### **Fee Income Receivable**

Fee income receivable is shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material. 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.

### **Capital Assets**

Assets purchased or acquired with a useful life exceeding one year and a cost of \$500 or more are capitalized. Contributed fixed assets are recorded at fair market 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. The Agency depreciates assets on the straight-line basis over estimated useful lives of 3 to 10 years.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### **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 year's employment in 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.

### **Net Assets**

The financial statements display net assets in three components as follows:

- **Invested in Capital Assets, Net of Related Debt**

These net assets consist of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- **Restricted Net Assets**

These net assets consist of resources with constraints placed on their use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or law through constitutional provisions or enabling legislation. COMIDA has no restricted net assets at December 31, 2006.

- **Unrestricted Net Assets**

These net assets consist of all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

### **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.

### **Grant Revenues**

Grant revenues are recorded when earned in accordance with the grant agreements.

### **Program and Community Development Expenses**

Program and community development expenses represent amounts committed to fund program and community development projects. Funds committed for community development are recorded as a liability when authorized by the Board of Directors of COMIDA.

### **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 implemented Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*, which is effective for reporting periods beginning after June 15, 2004. This year is the initial year that the notes to the financial statements have been revised to comply with this new standard.

COMIDA follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance 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 guaranteed by the United States of America 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 - Deposits

Custodial credit risk - deposits 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 (FDIC) 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, Cash Equivalents and Investments

At December 31, 2006, COMIDA's cash, cash equivalents and investments were covered by FDIC insurance, or by eligible securities held in COMIDA's name by a third-party custodial bank or by the trading partner's trust department. COMIDA's deposits consisted of the following at December 31, 2006:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Demand deposits	\$ 266,617	\$ 247,451
Interest bearing accounts	<u>2,547,490</u>	<u>2,547,490</u>
Total cash and cash equivalents	<u>\$ 2,814,107</u>	<u>\$ 2,794,941</u>

These deposits were insured or collateralized as follows:

FDIC insurance	\$ 400,000
Collateralized by third party	1,823,914
Collateralized by bank's trust department	<u>590,193</u>
Total FDIC insurance and collateral	<u>\$ 2,814,107</u>

#### 4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006 was as follows:

	<u>Balance</u> <u>01/01/06</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/06</u>
Capital assets being depreciated:				
Office equipment	\$ 32,196	\$ -	\$ -	\$ 32,196
Furniture and fixtures	<u>5,592</u>	<u>1,156</u>	<u>-</u>	<u>6,748</u>
Total capital assets being depreciated	<u>37,788</u>	<u>1,156</u>	<u>-</u>	<u>38,944</u>
Less accumulated depreciation for:				
Office equipment	(21,175)	(4,204)	-	(25,379)
Furniture and fixtures	<u>(1,058)</u>	<u>(1,097)</u>	<u>-</u>	<u>(2,155)</u>
Total accumulated depreciation	<u>(22,233)</u>	<u>(5,301)</u>	<u>-</u>	<u>(27,534)</u>
Proprietary activities capital assets, net	<u>\$ 15,555</u>	<u>\$ (4,145)</u>	<u>\$ -</u>	<u>\$ 11,410</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 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.

## 5. PENSION PLAN (Continued)

### Funding Policy (Continued)

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:

2006	\$	34,436
2005	\$	19,628
2004	\$	21,891

Since 1989, the System's billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis while amortizing existing unpaid amounts relating to the System's fiscal years ended March 31, 1988 and 1989 (which otherwise were to have been paid on June 30, 1989 and 1990, respectively) over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability. COMIDA elected to prepay this retirement liability.

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

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

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

- For State fiscal year (SFY) 2004-05, the amount in excess of 7.0% of employees' covered pensionable salaries, with the first payment of those pension costs not due until the fiscal year succeeding that fiscal year in which the bonding/amortization was instituted.
- For SFY 2005-06, the amount in excess of 9.5% of employees' covered pensionable salaries.
- For SFY 2006-07, 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 2007. 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 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. The value of the plan is not required to be reported in the financial statements and COMIDA makes no contribution to the plan.

## **7. COMMITMENTS**

### **Community Development**

The Board of Directors of COMIDA has approved a resolution for funding of a maximum of \$500,000 to the University Technology Seed Fund through another not-for-profit entity. The funding amount is contingent upon COMIDA having the resources available as determined on an annual basis. Through December 31, 2006, funding of \$500,000 has been provided.

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 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, 2006, funding of \$384,807 has been provided.

COMIDA entered into a three year agreement to establish The Entrepreneurs Network (TEN) in the amount of \$755,000 to fund a six month program designed to optimize 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, 2006, funding of \$163,971 has been provided.

### **Management Services**

COMIDA entered 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 2006. COMIDA expects to pay \$260,000 for these services in 2007.

**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**

May 26, 2007

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

We have audited the financial statements of the business-type activities of the County of Monroe Industrial Development Agency (A Component Unit of the County of Monroe, New York) (the COMIDA) as of and for the year ended December 31, 2006, and have issued our report thereon dated May 26, 2007. 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 COMIDA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the COMIDA'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 COMIDA'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 COMIDA's financial statements that is more than inconsequential will not be prevented or detected by the COMIDA'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 COMIDA'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.

Corporate Crossings  
171 Sully's Trail  
Pittsford, NY 14534-4557  
p (585) 381-1000  
f (585) 381-3131

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
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(Continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the COMIDA's financial statements of the business-type activities 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 that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to the management of the County of Monroe Industrial Development Agency in a separate letter dated May 2007.

This report is intended solely for the information and use of the Board of Directors, the management of the County of Monroe Industrial Development Agency, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Bonadio & Co LLP*