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

Financial Statements as of
December 31, 2010 and 2009
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)

TABLE OF CONTENTS

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

March 10, 2011

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

We have audited the accompanying financial statements of the business-type activities of the County of Monroe Industrial Development Agency (COMIDA), a New York Public Benefit Corporation and a discretely presented component unit of the County of Monroe, New York, as of and for the years ended December 31, 2010 and 2009, which collectively comprise COMIDA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of COMIDA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of COMIDA as of December 31, 2010 and 2009, and the respective changes in financial position and cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2011, 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* and should be considered in assessing the results of our audit.

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

ROCHESTER • BUFFALO
ALBANY • SYRACUSE
PERRY • GENEVA

www.bonadio.com

(Continued)

INDEPENDENT AUDITORS' REPORT
(Continued)

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 3 through 6 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, 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.

Bonadio & Co., LLP

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, 2010 and 2009. 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, 2010 and 2009 by $2,908,610 and $3,196,169, respectively.
- COMIDA's net assets decreased by $287,559 in 2010 and decreased by $498,479 in 2009 as a result of 2010 and 2009 operations.
- COMIDA's total revenues (operating and non-operating) were $2,609,027 and $1,521,232 in 2010 and 2009, respectively.
- COMIDA's total expenses were $2,896,586 and $2,019,711 in 2010 and 2009, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS

The statement of net assets and the statement of revenue, expenses, and change in net assets report information about COMIDA as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

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

NOTES TO FINANCIAL STATEMENTS

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

COMIDA

The analysis below summarizes the statements of net assets (Table 1) and changes in net assets (Table 2) of COMIDA as of and for the years ended December 31, 2010, 2009, and 2008.

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

	2010	2009	2008
Assets:			
Current assets	$ 2,930	$ 3,227	$ 3,759
Capital assets, net of accumulated depreciation	4	1	3
Total assets	2,934	3,228	3,762
Liabilities:			
Current liabilities	25	32	67
Total liabilities	25	32	67
Net assets:			
Invested in capital assets	4	1	3
Unrestricted	2,905	3,195	3,692
Total net assets	$ 2,909	$ 3,196	$ 3,695

Cash decreased approximately $323,000 in 2010 because of operating results for the year. Unfortunately, the level of fee income has decreased for two straight years, which is indicative of the challenges facing businesses in the County over the same period. Total liabilities decreased approximately $7,000 as a result of less obligations remaining unpaid at year-end. COMIDA's most significant obligations annually consist of unused vacation and other payroll liabilities. Unrestricted net assets, which is the result of these factors, decreased approximately $290,000 in 2010 and can be primarily attributed to fewer projects closing and less interest income.

Cash decreased approximately $547,000 in 2009 primarily as a result of fewer projects closing in 2009 than 2008. Total liabilities decreased approximately $35,000 as a result of less obligations remaining unpaid at year-end. Unrestricted net assets, which is the result of these factors, decreased approximately $498,000 in 2009 and can be primarily attributed to the poor economic conditions.

COMIDA (Continued)

Table 2 shows the changes in net assets for the years ended December 31, 2010, 2009, and 2008.

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

	2010	2009	2008
Revenues:			
Fee income	$ 1,295	$ 1,314	$ 1,575
Contributions	1,135	-	-
PTAC income	167	189	187
Interest income	11	18	75
Total revenues	2,608	1,521	1,837
Expenses:			
Program and community development	2,005	1,146	481
Professional services	364	325	347
Salaries	308	346	352
Payroll taxes and employee benefits	100	79	97
Rent	60	60	60
Travel, meetings and entertainment	17	17	21
Office supplies and postage	13	12	13
Advertising and promotion	13	12	37
Outside services	6	11	11
Legal notices	6	7	8
Dues and subscriptions	2	2	3
Depreciation	2	2	4
Total expenses	2,896	2,019	1,434
Change in net assets	$ (288)	$ (498)	$ 403

Fee income decreased approximately $19,000, or 1%, in 2010. The decrease is due to COMIDA's inability to issue civic facility bonds in 2010. Contributions increased significantly because during 2010, two not-for-profits dissolved and contributed all of their assets to COMIDA. In order to promote economic development in the community, COMIDA contributed all of those assets to a not-for-profit, which increased program and community development expenses approximately $860,000, or 75%.

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

FUTURE FACTORS

The State requirement to pay a Cost Recovery Tax takes funding from job creation and community development programs.

CONTACTING COMIDA'S ADMINISTRATION

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

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

STATEMENTS OF NET ASSETS
DECEMBER 31, 2010 AND 2009

	2010	2009
ASSETS		
CURRENT ASSETS:		
Cash	$ 2,850,858	$ 3,173,533
Fee income receivable	26,408	5,802
PTAC receivable	53,154	47,279
Total current assets	2,930,420	3,226,614
CAPITAL ASSETS, net	3,396	1,394
Total assets	2,933,816	3,228,008
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	-	6,934
Accrued payroll and related expenses	25,206	24,905
Total current liabilities	25,206	31,839
NET ASSETS		
Invested in capital assets	3,396	1,394
Unrestricted	2,905,214	3,194,775
Total net assets	$ 2,908,610	$ 3,196,169

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, 2010 AND 2009

	2010	2009
REVENUES:		
Fee income	$ 1,295,471	$ 1,314,235
Contributions	1,135,461	-
PTAC income	167,325	189,112
Total revenues	2,598,257	1,503,347
PROGRAM AND COMMUNITY DEVELOPMENT EXPENSES:		
Monroe County Industrial Development Corporation	1,135,461	-
Community development	665,199	946,191
Program support	205,000	200,000
Total program and community development expenses	2,005,660	1,146,191
OPERATING EXPENSES:		
Professional services	364,643	325,298
Salaries	308,428	346,524
Payroll taxes and employee benefits	100,158	79,036
Rent	60,000	60,000
Travel, meetings and entertainment	17,207	16,622
Advertising and promotion	12,946	11,919
Office supplies and postage	12,596	11,680
Legal notices	5,965	7,175
Outside services	5,689	11,286
Dues and subscriptions	1,745	2,273
Depreciation	1,549	1,707
Total operating expenses	890,926	873,520
Total expenses	2,896,586	2,019,711
Operating loss	(298,329)	(516,364)
NONOPERATING REVENUE:		
Interest income	10,770	17,885
Total nonoperating revenue	10,770	17,885
CHANGE IN NET ASSETS	(287,559)	(498,479)
NET ASSETS - beginning of year	3,196,169	3,694,648
NET ASSETS - end of year	$ 2,908,610	$ 3,196,169

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, 2010 AND 2009

	2010	2009
CASH FLOW FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 1,436,315	$ 1,589,193
Cash received from contributions	1,135,461	-
Cash paid to employees for services	(408,285)	(436,424)
Cash paid to suppliers for goods and services	(487,725)	(470,769)
Cash paid for program and community development	(2,005,660)	(1,146,191)
Net cash flow from operating activities	(329,894)	(464,191)
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of capital assets	(3,551)	-
Net cash flow from capital and related financing activities	(3,551)	-
CASH FLOW FROM INVESTING ACTIVITIES:		
Interest income	10,770	17,885
Net cash flow from investing activities	10,770	17,885
CHANGE IN CASH	(322,675)	(446,306)
CASH - beginning of year	3,173,533	3,619,839
CASH - end of year	$ 2,850,858	$ 3,173,533
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Operating loss	$ (298,329)	$ (516,364)
Adjustments to reconcile operating loss to net cash flow from operating activities -		
Depreciation	1,549	1,707
Changes in:		
Fee income receivable	(20,606)	29,574
PTAC receivable	(5,875)	56,272
Accounts payable	(6,934)	(24,155)
Accrued payroll and related expenses	301	(11,225)
Net cash flow from operating activities	$ (329,894)	$ (464,191)

The accompanying notes are an integral part of these statements.

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

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

- Invested in capital assets, net of related debt - This component of net assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.

- Restricted net assets - This component of net assets consists of amounts which have external constraints placed on their use imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. At December 31, 2010 and 2009, 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 (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, 2009, there were 80 series of Industrial Development Bonds outstanding with an approximate aggregate amount payable of approximately $519 million. This information for 2010 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 Empire Zone of Monroe County, Inc.; 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.

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 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. Fee income received prior to closing is recorded as deferred 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 on an accrual basis. Program and community development expenses are recognized when paid.

Income Taxes

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

Estimates

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

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

Policies

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

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

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

Interest Rate Risk

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

Credit Risk

COMIDA's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. COMIDA's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

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

3. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

Custodial Credit Risk

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

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

Cash

At December 31, 2010 and 2009, 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:

	2010		2009	
	Bank Balance	Carrying Amount	Bank Balance	Carrying Amount
Demand deposits	$ 3,134,915	$ 2,850,858	$ 3,203,954	$3,173,533

These deposits were insured or collateralized as follows:

	2010	2009
FDIC insurance	$ 1,080,413	$ 895,390
Collateralized by third party	2,663,033	2,353,153
Total FDIC insurance and collateral	$ 3,743,446	$ 3,248,543

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2010 was as follows:

	Balance January 1	Additions	Deletions	Balance December 31
Capital assets being depreciated:				
Office equipment	$ 23,140	$ 3,551	$ -	$ 26,691
Furniture and fixtures	6,748	-	-	6,748
Total capital assets being depreciated	29,888	3,551	-	33,439
Less accumulated depreciation for:				
Office equipment	(22,685)	(717)	-	(23,402)
Furniture and fixtures	(5,809)	(832)	-	(6,641)
Total accumulated depreciation	(28,494)	(1,549)	-	(30,043)
Capital assets, net	$ 1,394	$ 2,002	$ -	$ 3,396

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

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

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:

2010	$	33,648
2009	$	18,013
2008	$	32,170

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

- Requires minimum contributions by employers of 4.5% of payroll every year, including years in which the investment performance would make a lower contribution possible.

- Changes the cycle of annual billing such that the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1st (e.g. billings due February 2005 would be based on the pension value as of March 31, 2004).

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

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

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

- For each SFY 2008-09, the amount in excess of 4.5% of employees' covered pensionable salaries.

5. PENSION PLAN (Continued)

Funding Policy (Continued)

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

Change in Payment Due Date

Chapter 260 of the Laws of New York State changed the annual payment due date for employers who participate in the ERS. 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 2010 or 2009.

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 grants from the United States Department of Defense and New York State. For the years ended December 31, 2010 and 2009, respectively, COMIDA recognized PTAC income of $167,325 and $189,112 and corresponding expenses recorded in accordance with their natural classifications in the accompanying statements of revenue, expenses, and change in net assets.

Since PTAC is funded on a reimbursement basis, COMIDA, as its parent organization, has had to advance funds to PTAC for its operations. At both December 31, 2010 and 2009, PTAC owed COMIDA approximately $65,000.

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 non-profit entity. Through December 31, 2010 and 2009, respectively, cumulative funding of $886,130 and $828,249 has been provided.

8. COMMITMENTS (Continued)

Community Development (Continued)
In 2006, COMIDA entered into a three-year agreement to establish The Entrepreneurs Network (TEN) committing $765,000, subject to annual renewal, to fund recurring six-month programs designed to optimize young entrepreneurs' exposure to, and interaction with, leading local and national entrepreneurial experts. The program offers TEN participants the opportunity to take their businesses to the next level in securing venture capital, forming strategic alliances, and defining market strategies. Through December 31, 2009, 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 2010. COMIDA has contracted to provide $150,000 to this organization in 2011, above and beyond the original commitment to TEN.

In 2009, COMIDA entered into an agreement with a separate not-for-profit organization to promote local and economic development efforts. In 2010 and 2009, amounts contributed to this organization were $300,000 and $200,000, respectively. COMIDA has contracted with this organization to provide funding of $100,000 in 2011.

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 2009, the Board of Directors approved $100,000. Actual amounts funded in 2009 were $100,000. In 2010, two not-for-profits dissolved and contributed their assets of $1,135,461 to COMIDA. COMIDA, in turn, contributed the entire $1,135,461 to Monroe County Industrial Development Corporation in 2010 to support economic development in the community.

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 $265,000 and $260,000 for 2010 and 2009, respectively. COMIDA expects to pay $265,000 for these services in 2011.

9. RELATED PARTY

COMIDA is the sole corporate member of the Greater Rochester Outdoor Sports Facility Corporation (the Company), a New York corporation formed to acquire and operate real and personal property for the economic benefit of the people in the County of Monroe and Rochester, New York area. The primary activity of the Company is the operation of a sports stadium in Rochester, New York, known as Frontier Field which is used for the recreation, entertainment, amusement and benefit of the citizens of the County of Monroe. There were no amounts recognized in the 2010 or 2009 financial statements for transactions related to the Company.

10. LOAN CONTINGENCY

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

Bonadio & Co., LLP
Certified Public Accountants

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 10, 2011

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

We have audited the financial statements of the business-type activities of County of Monroe Industrial Development Agency (COMIDA), as of and for the year ended December 31, 2010, which collectively comprise COMIDA's basic financial statements and have issued our report thereon dated March 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

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

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

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

ROCHESTER • BUFFALO
ALBANY • SYRACUSE
PERRY • GENEVA

www.bonadio.com

(Continued)

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

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

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

Bonadio & Co., LLP